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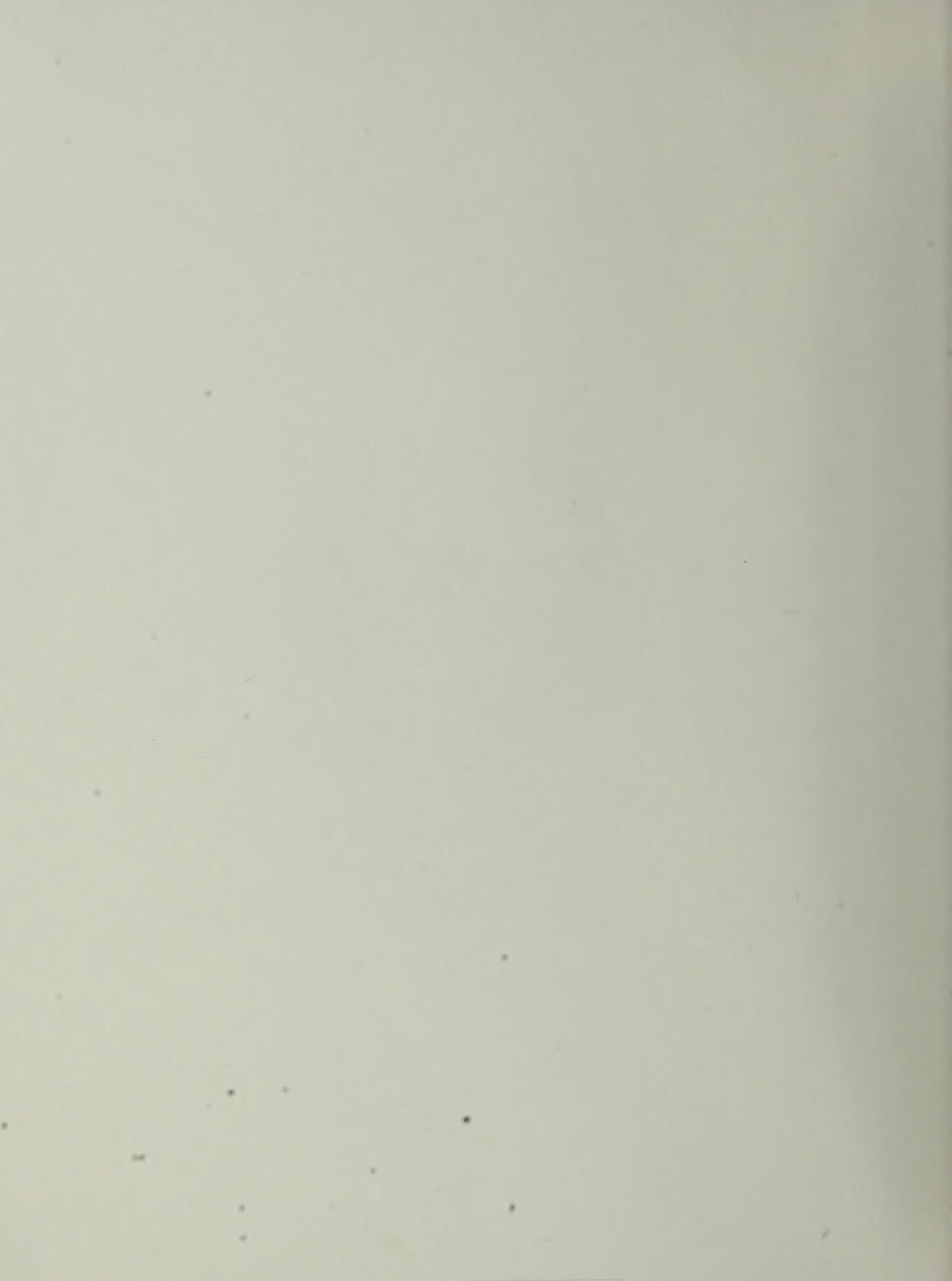
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SAN FRANCISCO PORT COMMISSION

Doreen Woo Ho, President
Kimberly Brandon, Vice President
Francis X. Crowley, Commissioner
Leslie Katz, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax 415-274-0412

AGENDA

TUESDAY, MAY 8, 2012
2:00 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO CA 94111

PLEASE NOTE THE DATE & TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Port Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk. If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's Office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES – April 24, 2012
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

An Executive Session has been calendared to discuss the following matters:

- (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (DISCUSSION AND ACTION):

05-04-12P02:12 RCVD

GOVERNMENT
DOCUMENTS DEPT

MAY - 4 2012

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SAN FRANCISCO PORT COMMISSION

Donna Wood, President
Kathryn Brandon, Vice President
Frederic K. Crowley, Commissioner
Leslie Katz, Commissioner
Ann Lerner, Commissioner

Monique Meyer, Executive Director
Phone: 415-375-0450 Fax: 415-375-0452
Amy Guevara, Commission Secretary
Phone: 415-375-0450 Fax: 415-375-0452

AGENDA

TUESDAY, MAY 8, 2012
2:00 P.M. CLOSED SESSION
2:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO CA 94111

PLEASE NOTE THE DATE & TIME OF THE MEETING

The Port Commission agenda is posted on the Port Commission website at www.sfpd.org as well as the San Francisco Chronicle website at www.sfchronicle.com. The agenda is also posted at the Port Commission's public hearing room on the second floor of the Ferry Building. The agenda is subject to change without notice. The Port Commission will notify the public of any changes to the agenda by email and by posting a sign in the public hearing room. The Port Commission will also post a sign in the public hearing room indicating the date and time of the meeting. The Port Commission will also post a sign in the public hearing room indicating the date and time of the meeting. The Port Commission will also post a sign in the public hearing room indicating the date and time of the meeting.

1. CALL TO ORDER / ROLL CALL

2. APPROVAL OF MINUTES - April 24, 2012

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Visit on agenda to add closed session

An Executive Session has been scheduled to discuss the following matters:

III. CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING
OPERATION MATTERS (DISCUSSION AND ACTION)

- a. Discuss existing litigation matters pursuant to Section 54956.9(a) of the California Government Code and Section 67.10(d) of the City and County of San Francisco Administrative Code.

- *City and County of San Francisco v. Fascination Consumer Enterprises, Inc.*, San Francisco Superior Court Case No. CUD-09-629545, filed April 30, 2009; *In the Matter of the Samuel J. Conti Revocable Trust dated August 4, 2004*, San Francisco Superior Court Case No. PTR-10-293126, filed November 9, 2010; *City and County of San Francisco v. Randall G. Dick, an individual, sued in his capacity as the administrator of the Estate of Samuel J. Conti, et al.*, San Francisco Superior Court Case No. CGC-11-516596, filed December 14, 2011.

Discussion and possible approval of a settlement agreement relating to the City's claim for breach of lease and nonpayment of rent under Lease No. L-13426 with Fascination Consumer Enterprises, Inc. The proposed settlement includes (i) the payment of \$45,000 for the City's claims; (ii) a mutual release and waiver of all claims by the parties; and (iii) other terms and conditions of the settlement agreement on file with the Port Commission Secretary.

- Waterfront Watch and Does 1-10 vs. San Francisco Port Commission; City and County of San Francisco: San Francisco Board of Supervisors; San Francisco Planning Commission, and Does 11-20; America's Cup Event Authority LLC; San Francisco America's Cup Race Management; Golden Gate Yacht Club of San Francisco; Oracle Racing, Inc.; et al., and Does 21-50; Superior Court of California, County of San Francisco (Case No. CPF-12-511968)

(2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative:**

- a. Property: Pier 9 South Apron
Person Negotiating: Port: Peter Dailey, Deputy Director of Maritime and Susan Reynolds, Deputy Director, Real Estate
*Negotiating Parties: Developer: Hornblower Dining Yachts: Terry McCrae, C.E.O.

Under Negotiations: ___ Price ___ Terms of Payment XX Both
In this executive session, the Port's negotiator seeks direction from the Port Commission on the appropriate price and terms of payment for the exclusive negotiation term. The Port intends to discuss the factors affecting the price and terms of payment for the exclusive right to

negotiate. The executive session will enable the Port Commission to develop a negotiating strategy tailored to maximize the City's return based on these factors. That strategy and information will inform the Port Commission's public discussions and deliberations regarding the content of a subsequent exclusive negotiation agreement. In particular, the executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California and/or to more effectively negotiate with the non-Port party on price and payment terms.

- b. Property: AB 4052; 4111, lots 3 and 4; also known as Pier 70 Waterfront Site, located near the intersection of 22nd Street and Illinois
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Forest City Development California: Kevin Ratner

Under Negotiations: _____ Price _____ Terms of Payment XX Both Pursuant to Resolution No. 11-49, the Port Commission awarded to the non-Port party an exclusive negotiation agreement with the Port for the lease and development of the property. In this executive session, the Port's negotiator seeks direction from the Port Commission on base rent structure and financing mechanisms prior to commencing additional negotiations with the non-Port party. The Port intends to discuss the factors affecting the price and terms of payment for the development of the property. In particular, the executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California and/or to more effectively negotiate with the non-Port party on price and payment terms.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67-12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment for Public Comments:

Please be advised a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report

- Port Tenants Partner with Mission High School to Reward Students
- Foreign Trade Zone Seminar – June 7, 2012 at 9 a.m. at Pier 1
- May 16, 2012 – Special Port Commission at 9 a.m., Room 263, City Hall

8. CONSENT

- A.** Request authorization to accept and expend \$373,932 in Metropolitan Transportation Commission Regional Measure 2 Real-time Transit Information Grant Program funds for security improvements at the Port of San Francisco. (Resolution No. 12-41)
- B.** Request authorization to award Construction Contract No. 2743, Pier 33½ Improvements Project, to Roebuck Construction, in an amount not-to-exceed \$2,835,000, and authorization for a contract contingency fund of 10% of the contract amount (or \$283,500), for a total authorization not to exceed \$3,118,500. (Resolution No. 12-42)
- C.** Request authorization to execute a contract modification to Contract No. 2744R, Roundhouse 2 Heating, Ventilation and Air Conditioning Central Plant Upgrade Project, with EVRA Construction Co., to extend the original contract duration of 150 days by an additional 67 days and to increase the original contract amount by \$77,534 for additional scope of work. (Resolution No. 12-43)
- D.** Request approval of the First Amendment to Exclusive Negotiation Agreement with San Francisco Waterfront Partners II, LLC, a Delaware limited liability company, in connection with the development of SWL 351 (located on the Embarcadero at Washington Street, adjacent to the 8 Washington parcel) to extend the term to October 31, 2012. (Resolution No. 12-44)

9. PLANNING & DEVELOPMENT

- A.** Informational presentation on the Revised Proposal for the Lease and Development of Seawall Lot 337 and Pier 48, adjacent to AT&T Park, bounded

by China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay.

10. FINANCE & ADMINISTRATION

- A. Informational presentation on the Port's 5-Year Financial Plan, Fiscal Year 2012/13 – Fiscal Year 2016/17.
- B. Request approval of the Port's 10-Year Capital Plan, FY 2013-22. (Resolution No. 12-45)

11. NEW BUSINESS

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission Meeting, Subject to Change)

- Request adoption of the required California Environmental Quality Act Findings and the Mitigation Monitoring and Reporting Program in connection with the development of Seawall Lot ("SWL") 351 by San Francisco Waterfront Partners II, LLC, a Delaware limited liability company ("Developer") (located on the Embarcadero at Washington Street) (May 16, 2012)
- Request approval of the (1) Disposition and Development Agreement, (2) Lease No. L-15110 for a term of 66 years, (3) Purchase and Sale Agreement, (4) Trust Exchange Agreement, (5) Maintenance Agreement, all with San Francisco Waterfront Partners II, LLC, a Delaware limited liability company, and (6) Schematic Drawings; all in connection with the development of SWL 351 (located on the Embarcadero at Washington Street) (May 16, 2012)
- Informational update on status of Port infrastructure work for America's Cup Events in 2012 and 2013 (May 22, 2012)
- Informational Presentation on the proposed Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (June 12, 2012)
- Informational presentation on the issuance of a Request For Interest (RFI) for a Cruise Terminal Passenger Operations and Conference and Special Events Management Agreement at the Pier 27 James R. Herman Cruise Terminal and Pier 35 (June 12, 2012)
- Informational update on status of Port infrastructure work for America's Cup Events in 2012 and 2013 (June 12, 2012)
- Informational presentation regarding the National Park Service selection process for a proposed embarkation site for ferry service between the northern San Francisco waterfront and Alcatraz Island (June 12, 2012)
- Accept the Port's Biannual Report on Contracting Activity for Fiscal Year 2011/12 - July 1, 2011 through December 31, 2011 (June 12, 2012)
- Request approval to enter into agreements with the San Francisco Municipal Transportation Agency and the regional bike share program operator to use Port property for the Bay Area Regional Bike Share Pilot Program (June 12, 2012)
- Informational update on status of Port infrastructure work for America's Cup Events in 2012 and 2013 (July 10, 2012)
- Request approval of the proposed Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (July 10, 2012)
- Request authorization to issue Request for Proposals for a Restaurant Opportunity Site Located at 295 Terry A. Francois Boulevard, Adjacent to Pier 50 (July 10, 2012)
- Informational update on status of Port infrastructure work for America's Cup Events in 2012 and 2013 (August 14, 2012)
- Request approval of proposed San Francisco Bay Conservation and Development Commission Special Area Plan amendment for Pier 27 Cruise Terminal and Northeast Wharf Project and 34th America's Cup Project amendments to the BCDC Special Area Plan (Date to be determined)

- Informational presentation on the status of yellow tagged Port facilities (Date to be determined)
- Request authorization to award Construction Contract No. 2723, Pier 70 Building 113 Stabilization (Date to be determined)
- Request authorization to award As-Needed Engineering and Related Professional Services (Date to be determined)
- Request approval of Lease No. L-14957 with Paul's Stores, Inc. DBA Cost/Less Inventory Services, a California Corporation for a term of twenty-four months for premises located at Pier 70, Building 2, and containing approximately 69,358 square feet (Date to be determined)
- Request approval to enter into an Exclusive Right to Negotiate Agreement (ENA) with Kinder Morgan Operating LP, owned by Kinder Morgan Energy Partners LP, to negotiate terms for entering into a lease of Port property to design, finance, build and operate a bulk cargo marine terminal at Pier 96 (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION
FROM APRIL 20, 2012 TO MAY 3, 2012

- From Port staff to USCG Admiral Manson Brown, letter of sympathy for the loss of two employees at the Coast Guard Communications Station Kodiak
- From Port staff to Commodore Bob Griswold & Stephen De Petro, General Manager, SF Yacht Club, letter of sympathy for the loss of some of the crew of the *Low Speed Chase*
- From Corey Busch, letter of sympathy for the loss of Alexis and some of her crew mates of the *Low Speed Chase*
- From the Association of Pacific Ports, invitation to the 99th Annual Conference in Guam on July 18-21, 2012
- From The Potrero Boosters Neighborhood Association, copy of The Potrero Community Voice



MAY/JUNE 2012

CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
May 16 Special	9:00 a.m. Open Session	Port Commission	Board of Supervisors Committee Meeting Room Room, Room 263, City Hall
May 22	2:00 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
June 12	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable). Contact Amy Quesada at 274-0406 or amy.quesada@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Rip Malloy @ 274-0267 or rip.malloy@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the 2nd Thursday of the month at 5:00 p.m. at 1700 Owens Street, 2nd Floor. Parking validation is available. Contact Catherine Reilly, San Francisco Redevelopment Agency, at catherine.reilly@sfgov.org

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis (the FOURTH MONDAY OF JANUARY AND THIRD MONDAYS IN APRIL, JULY, and OCTOBER), starting at 5:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly@REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BDCD, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

THE HISTORY OF THE UNITED STATES

The history of the United States is a story of growth and change. From the first settlers to the present day, the nation has evolved through various stages of development. The early years were marked by exploration and settlement, followed by a period of rapid expansion and industrialization. The American Revolution and the Civil War were pivotal moments in the nation's history, shaping its identity and values. The 20th century brought significant social and political changes, including the rise of the American Dream and the challenges of the Cold War.

The American Revolution was a turning point in the nation's history. It was a struggle for independence from British rule, fought between 1775 and 1781. The revolution was led by men like George Washington and Thomas Jefferson, who fought for the principles of liberty and democracy. The result was the birth of a new nation, the United States of America. The Civil War, fought between 1861 and 1865, was another pivotal moment. It was a conflict over the issue of slavery, which ultimately led to the abolition of slavery and the preservation of the Union.

The 20th century was a time of great change and progress. The American Dream, the idea that anyone can achieve success through hard work and determination, became a central theme in the nation's history. The Cold War, a period of tension between the United States and the Soviet Union, shaped the global landscape. The civil rights movement, led by figures like Martin Luther King Jr., fought for equality and justice for all Americans. The space race, a competition between the United States and the Soviet Union to be the first to reach space, was another major event of the era.

The 21st century has brought new challenges and opportunities. The September 11 attacks in 2001 were a defining moment, leading to the War on Terror. The 2008 financial crisis and the 2020 COVID-19 pandemic have tested the nation's resilience. The ongoing struggle for racial justice and equality remains a central theme. The future of the United States is uncertain, but the values of liberty, democracy, and the American Dream continue to guide the nation.

The history of the United States is a story of hope and possibility. It is a story of a nation that has grown from a small colony to a global superpower. It is a story of a people who have fought for their freedom and their values. The history of the United States is a testament to the power of the American Dream and the values of liberty, democracy, and equality.

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots: 3 spaces in the surface lot on the west side of the Embarcadero at Washington Street.

Hourly and valet parking is available in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.



Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Sections 67.1 et seq. of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Chris Ruston by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Ruston or by printing Sections 67.1 et seq. of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES**Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

May 3, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request authorization to accept and expend \$373,932 in Metropolitan Transportation Commission Regional Measure 2 Real-time Transit Information Grant Program funds for security improvements at the Port of San Francisco

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Funding Overview

On March 2, 2004, Regional Measure 2 Real-time Transit Information Grant Program funds (RM2 funds) were approved by voters to fund various transportation projects within the San Francisco Bay Region that were determined to reduce congestion or make improvements to travel in the toll bridge corridors.

On May 26, 2010, the Metropolitan Transportation Commission (MTC) approved a resolution to provide 25% of required funding (\$373,932) for the Port of San Francisco's "San Francisco Bay Regional Ferry System Security Interoperability Enhancements" (Enhancements) project from RM2 funds. The Enhancements project is described below.

The remaining 75% of funding for the Enhancements (\$1,121,795) has been provided by the Department of Homeland Security (DHS) through the 2009 Infrastructure Protection Program Port Security Grant Program (2009 PSGP), which, on January 20, 2012 the Port Commission authorized the Executive Director to accept and expend. The 2009 PSGP required a 25% non-federal cash or 'in-kind' match, which is being provided by MTC RM2 funds.

THIS PRINT COVERS CALENDAR ITEM NO. 8A

Total Project Funding

DHS 2009 PSGP	=	\$1,121,795
MTC Grant	=	<u>\$ 373,932</u>
		\$1,495,727

The grant performance period for the RM2 funds is May 26, 2010-May 26, 2013. If RM2 funds remain after the three-year grant period, MTC will have the authority to either extend the grant period to complete the project or reallocate unspent funds to another project. The grant performance period for the 2009 PSGP is a maximum of thirty-six months, plus twenty-four additional months of extensions. All 2009 PSGP-funded projects must be completed by September 30, 2014.

The Port's MTC Grant Application

The Port was awarded \$373,932 of RM2 funds for the 25% non-federal local match for the following project:

- **\$1,495,727 in Ferry System Security and Interoperability Enhancements:** To provide for a smooth and efficient shift into emergency ferry operations following a natural or human-caused disaster. It will also provide ferry passengers with real-time updates to ferry schedules, as well as increase the efficiency of day-to-day ferry operations. The system consists of three main components: 1) Enhanced Electronic Chart Systems; 2) a Centralized Ferry Schedule Management System; 3) LCD-based digital displays to provide ferry riders with schedules, real time updates and emergency instructions.

Requested Port Commission Action

Port staff seeks Port Commission authorization for the Executive Director to accept and expend \$373,932 in Metropolitan Transportation Commission Regional Measure 2 Real-time Transit Information Grant Program funds for security improvements at the Port of San Francisco.

Prepared by: Sidonie Sansom
Director of Homeland Security

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 12-41**

- WHEREAS, On March 2, 2004, the Metropolitan Transportation Commission (MTC) Regional Measure 2 Real-time Transit Information Grant Program funds (RM2 funds) were approved by voters to fund various transportation projects within the San Francisco Bay Region that were determined to reduce congestion or make improvements to travel in the bridge corridors; and
- WHEREAS, On May 26, 2010, the MTC approved a resolution to provide the Port of San Francisco with 25% of the funding (\$373,932) required for the Port's "San Francisco Bay Regional Ferry System Security Interoperability Enhancements" project from RM2 funds; and
- WHEREAS, The remaining 75% funding, a total of \$1,121,795, has been provided by the Department of Homeland Security (DHS) 2009 Infrastructure Protection Program Port Security Grant Program (PSGP), which on January 20, 2012 the Port Commission authorized the Executive Director to accept and expend; and
- WHEREAS, The San Francisco Bay Regional Ferry System Security Interoperability Enhancements will provide for the smooth and efficient shift into emergency ferry operations following a terrorist event or natural disaster; now, therefore, be it
- RESOLVED, That the Port Commission hereby authorizes the Executive Director to seek the Board of Supervisors' approval to accept and expend the \$373,932 grant of RM2 funds for the Ferry System Security Interoperability Enhancements; and, be it further
- RESOLVED, That the Port Commission hereby urges the Board of Supervisors to approve the request for approval to accept and expend the grant; and, be it further
- RESOLVED, That the Port Commission, subject to the Board of Supervisors' approval, hereby authorizes the Executive Director or her designee to execute for and on behalf of the City and County of San Francisco, any additional documents necessary to enter into the grant agreement with the Metropolitan Transportation Commission, including any extensions, augmentations or amendments thereof.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 8, 2012.

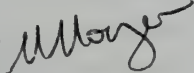
Secretary



MEMORANDUM

May 3, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Request authorization to award Construction Contract No. 2743, Pier 33½ Improvements Project, to Roebuck Construction, in an amount not-to-exceed \$2,835,000, and authorization for a contract contingency fund of 10% of the contract amount (or \$283,500), for a total authorization not to exceed \$3,118,500.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

INTRODUCTION

Port staff requests that the Port Commission authorize the award of construction Contract No. 2743, Pier 33½ Improvements Project (the "Project"), to Roebuck Construction Inc., the lowest responsive, responsible bidder. This Contract is a combination of projects from several Port programs as noted by its funding by the Revenue Bond, Pier Repair Fund and the Utilities Fund. The scope of this construction Project will implement various Port Building Code upgrades, necessary substructure repairs to the Pier 33½ Bulkhead Building and a new electrical service to Pier 33. The upgrades are necessary in order to return the currently vacant facility into rentable space for the Port. A map showing the location of the Project is shown in Attachment A.

BACKGROUND

The Port Commission, at its meeting on January 20, 2012, authorized staff to advertise for bids for the Project (Resolution 12-03). The Engineer's Estimate for the Project was \$2,700,000. The Human Rights Commission (HRC) staff recommended a Local Business Enterprise ("LBE") subcontracting goal of 23%.

THIS PRINT COVERS CALENDAR ITEM NO. 8B

On April 4, 2012, Port staff received five (5) bids for this Project. A summary of the bids is attached in Exhibit B. At the time the bids were opened, the lowest bidder appeared to be West Bay Builders Inc. However, HRC staff determined that West Bay Builders Inc. did not meet the HRC LBE subcontracting goal of 23%. The second apparent lowest bidder is Agbayani Construction Corp., but is not a certified LBE and therefore ineligible for a bid discount under the City's Local Business Enterprise and Non-Discrimination in Contracting Ordinance (Administrative Code Chapter 14B).

The third lowest bidder, Roebuck Construction, Inc. is a certified LBE contractor which is eligible for a 10% bid discount. Therefore, Roebuck Construction, Inc. is the lowest responsive, responsible, bidder with a total bid price of \$2,835,040, 5% above the engineer's estimate.

Roebuck Construction, Inc.'s bid includes LBE subcontractor participation of 30%, which exceeds the HRC LBE goal of 23%. HRC has determined that Roebuck Construction's bid is compliant with the City's Administrative Code Chapter 14B requirements, meeting the LBE subcontractor goals and demonstrating Good Faith Outreach. Port staff has determined that Roebuck Construction meets the technical qualifications required by the contract. Therefore, Port staff and HRC have determined that Roebuck Construction is the lowest responsive and responsible bidder. A letter from HRC is attached with this report for review (Attachment C).

The Port received two protests from the multiple bidders. The protests have been successfully resolved.

San Francisco Local Hiring Policy for Construction

The contract for the proposed Project includes the requirement for the contractor to hire locally in accordance with the City's Local Hiring Policy for Construction which became effective on March 25, 2011 (Administrative Code Section 6.22(G)). The mandatory participation level in terms of Project Work Hours within each trade to be performed by Local Residents is 20%, with a goal of no less than 10% of Project Work Hours within each trade to be performed by Disadvantaged Workers. By submitting a bid, Roebuck Construction, Inc. has agreed to comply with the ordinance and to ensure that subcontractors of all tiers also comply. Port staff will not issue a Notice to Proceed until Roebuck Construction has submitted a Local Hiring Workforce Projection and Local Hiring Plan to the Office of Economic and Workforce Development ("OEWD"). During the contract period, OEWD may monitor for compliance with the ordinance.

Regulatory Permits

All required regulatory permits, certifications and notifications have been secured/executed for this Project, including the Bay Conservation and Development Commission permit, United States Army Corp. permit, California Regional Water Quality Control Board Certification and California Dept. of Fish and Game Notification. This Project has been determined to be categorically exempt under State of California Environmental Quality Act Guidelines. Repairs to historic features of the pier building will be consistent with the Secretary of the Interior Standards as Pier 33½ is listed on the National Register of Historic Places.

Department of Public Works (DPW) staff will perform limited hazardous material abatement services prior to the start of construction. The construction contract requires the contractor to submit multiple health and safety work plans for approval by the Port's Certified Industrial Hygienist (CIH). These plans will address protection of the adjacent Butterfly Restaurant, the public and workers from onsite health hazards during the Project demolition and construction.

FUNDING

The estimated construction cost and 10% contingency are fully funded by the following funds.

Project Scope	Funding Amount	Funding Source
Pier 33½ Improvements (North Bulkhead)	\$1,667,000	CPO 921 Port Revenue Bond 2010
Selective Substructure Repairs to Pier 33 and Pier 35	\$414,000	CPO 778 Pier Structures Repair Project, Phase II Fund
Electrical Metering and Switchboard Service Upgrades for Pier 33 Shed, and North and South Bulkhead Buildings	\$754,000	CPO 761 Utilities Project Fund
Subtotal:	\$2,835,000	
10% Contingency:	\$283,500	CPO 776, the Leasing Capital Improvement Fund, and CPO 778 and CPO 761
Total Estimated Cost with contingency:	\$3,118,500	

Due to the limited funding available for the project in the CPO 921 and CPO 778, \$200,000 of contingency funds will be funded from the CPO 776, the Leasing Capital Improvement Fund.

SCHEDULE

The following is the anticipated project schedule:

Port Commission Award	May 8, 2012
Notice to Proceed (NTP)	June, 2012
Substantial completion	January, 2013
Final completion	February, 2013

SUMMARY

Port staff recommends that the Port Commission authorize the award of construction Contract No. 2743, Pier 33½ Improvements Project, to Roebuck Construction, Inc. as the lowest responsive and responsible bidder, in a not-to-exceed amount of \$2,835,000, and also authorize staff to increase the contract amount by 10% (or \$283,500) through contract modification or change order to a total of \$3,118,500, in the event of unanticipated contingencies. Staff also recommends that the Port Commission authorize the Executive Director to accept the work once it is completed.

Prepared By: Wendy Proctor
Project Architect

For: Edward F. Byrne, S.E.
Chief Harbor Engineer

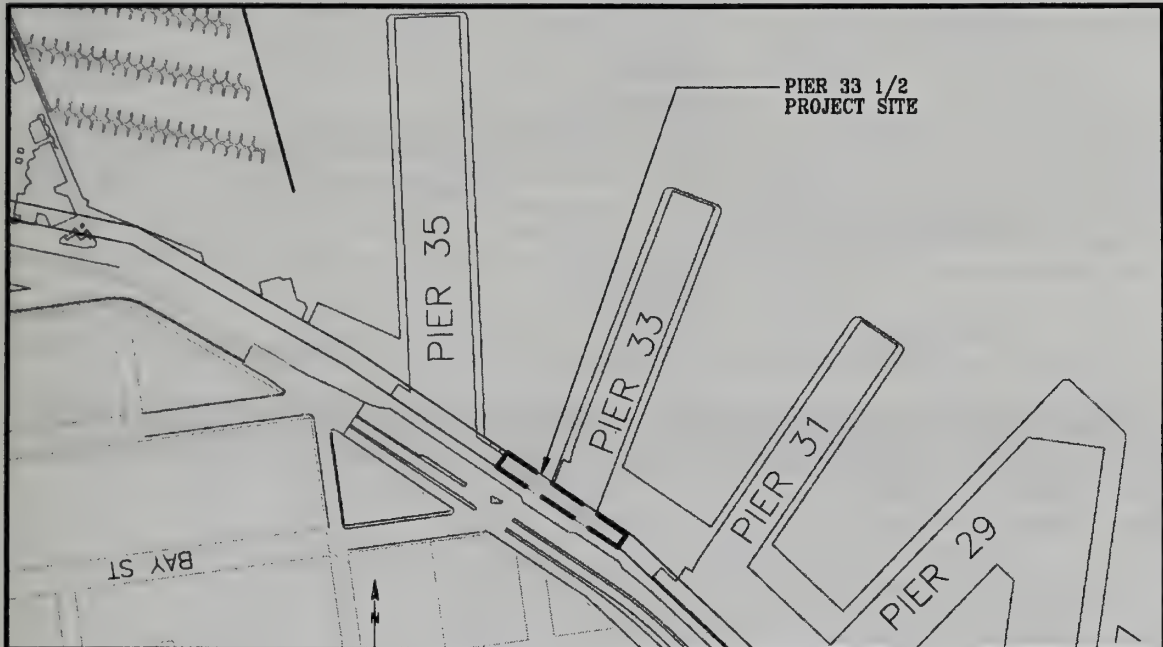
**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 12-42**

- WHEREAS, The Port Commission previously authorized the advertisement of the construction contract for Pier 33½ Improvements Project, Contract No. 2743 (the "Project"), at its meeting of January 20, 2012; and
- WHEREAS, The scope of work for the Pier 33½ Improvements Project includes various Port Building Code upgrades, necessary substructure repairs to the Pier 33½ Bulkhead Building and a new electrical service to Pier 33, which are necessary in order to return the currently vacant facility into rentable space for the Port; and
- WHEREAS, Port staff received five (5) bids on April 4, 2012 for Contract No. 2743; and
- WHEREAS, Port Engineering staff and the Human Rights Commission staff reviewed the bids and determined that Roebuck Construction, Inc. is the lowest responsive, responsible bidder for the Project; and
- WHEREAS, Roebuck Construction, Inc.'s total bid price is \$2,835,000 for the Project; and
- WHEREAS, The Project is fully funded with available multiple Port Capital and Bond funds; and
- WHEREAS, Roebuck Construction, Inc. will be required to comply with the City's Local Hiring Policy for Construction (Administrative Code Section 6.22(G)); now therefore be it
- RESOLVED, That the Port Commission hereby authorizes the award of Construction Contract No. 2743, Pier 33½ Improvements Project, to Roebuck Construction, Inc. the lowest responsive and responsible bidder, for the not-to-exceed amount of \$2,835,000; and be it further
- RESOLVED, That the Port Commission authorizes Port staff to increase the contract amount further, as necessary for unanticipated contingencies, by an additional \$283,500 (10% of \$2,835,000) through contract modification or change order; and be it further
- RESOLVED, That the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

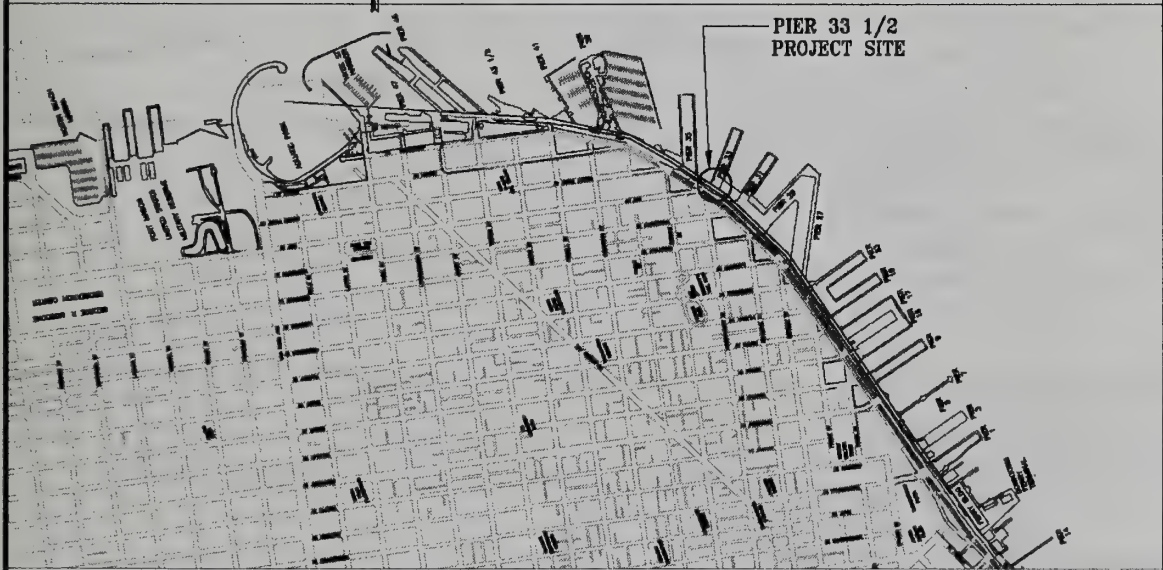
I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of May, 8, 2012.

Secretary

EXHIBIT A



PIER 33 1/2 SITE PLAN
NOT TO SCALE



PIER 33 1/2 VICINITY MAP
NOT TO SCALE



SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

**PIER 33 1/2
IMPROVEMENT PROJECT**

DESIGNED:	DATE:	CONTRACT NO.
		2743
DRAWN:	DATE:	CHECKED: DATE:



EXHIBIT B **BID TABULATION**

BID OPENING DATE	04/04/12 IN PIER 1, SAN FRANCISCO		
CONTRACT NUMBER	2743		
PROJECT NAME	PIER 33.5 IMPROVEMENTS		
LBE GOAL:	23%	TOTAL NUMBER OF CALENDAR DAYS	240

NUMBER OF BIDDERS:	05	ESTIMATE:	\$2,700,000	LOW BASE BID AMOUNT UNDER ESTIMATE:	-155,500	PERCENT UNDER ESTIMATE:	-5.8%
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BIDDER ID NO.	BID ITEM #1	BID ITEM #2	BID ITEM #3	BID ITEM #4	TOTAL	APPARENT BID RANK	BIDDER INFORMATION
1	1,028,000	845,940	850,760	36,000	2,760,700 ^A	2	AGBAYANI CONSTRUCTION CORP. VINCENT D. AGBAYANI, PRESIDENT 88 DIXON COURT DALY CITY, CA 94104 PHN 650-994-9380 Email: VINCE.AGBAYANI@AGBAYANI.COM
2	1,810,000	625,000	275,000	125,000	2,835,000	3	ROEBUCK CONSTRUCTION INC RUAIRI MURPHY, PRESIDENT 190 MISSISSIPPI STREET SAN FRANCISCO, CA 94116 PHN 415-255-1506 Email: RUAIRI@ROEBUCKSF.COM
3	1,948,001	998,369	192,500	165,204	3,304,074	4	GALLIERA INC dba TRICO CONSTRUCTION CARMEN BRUSCHERA, PRESIDENT 981 HOWARD STREET SAN FRANCISCO, CA 94103 PHN 415-543-2100 Email: CARMEN@TRICOCONSTRUCTION.COM
4	1,245,000	1,010,000	162,500	127,000 ^B	2,544,500	1	WEST BAY BUILDERS INC. PAUL THOMPSON, PRESIDENT 250 BEL MARIN KEYS BLVD, BLDG A NOVATO, CA 94949 PHN 415-456-8972 Email: PAULT@WESTBAYBUILDERS.COM
5	1,495,529	1,441,200	236,250	167,462	3,340,441	5	BHM CONSTRUCTION, INC. 522 WALNUT AVE. VALLEJO, CA. 94592 PHN 707-643-4580 Email: JEFFM@BHMCONSTRUCTION.COM



Edwin M. Lee
Mayor

Contract Compliance
Dispute Resolution/Fair Housing
Small Micro Local Business Enterprise
Lesbian Gay Bisexual Transgender & HIV Discrimination

Theresa Sparks
Executive Director

ATTACHMENT C
MEMORANDUM

Date: April 19th, 2012

To: Tim Leung, Project Manager, SF Port

From: Finbarr Jewell, Contract Compliance Officer, SFHRC

Subject: Award of Contract No. 2743, Pier 33.5 Improvements

The Human Rights Commission ("HRC") has evaluated the bids on the above referenced project for compliance with HRC 14B pre-award requirements. An LBE subcontracting participation goal of 23% was established for the Contract.

Five firms submitted bids for this contract. The HRC reviewed the three lowest bids, West Bay Builders, Agbayani Construction Corporation and Roebuck Construction INC.

The lowest bidder is West Bay Builders, the HRC deemed them non responsive because they listed a SBA-LBE certified LBE to meet the LBE goal. Only Human Rights Commission certified Small -LBEs and Micro LBEs can be utilized to comply with the subcontracting goals. Bidders shall not use SBA-LBEs to meet the subcontracting. West Bay Builders' LBE participation is 6.6%.

The second lowest bidder is Agbayani Construction.

The third lowest bidder is Roebuck Construction INC. Roebuck Construction is a certified LBE and thus eligible for the 10% rating bonus. Once the HRC applies the 10% rating bonus to Roebuck Construction's bid, and takes into consideration West Bay Builders' non responsive bid, Roebuck Construction becomes the lowest responsive bidder to the Chapter 14B requirements.

Roebuck Construction listed the following commitments:

Gorman Pipeline	LBE/OBE	\$70,850	2.50%
Bannon Construction	LBE/OBE	\$117,000	4.13%
Cal Pacific/ Hydra	LBEMBE	\$96,800	3.41%
Cornish Electric	LBE/OBE	\$479,700	16.92%
Eco Bay Services INC	LBE/OBE	\$17,500	0.62%



Roebuck Construction met the 23% LBE subcontractor participation goal and met the Chapter14B pre-award requirement and thus is eligible for the award of the contract.



MEMORANDUM

May 3, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request approval of the First Amendment to Exclusive Negotiation Agreement with San Francisco Waterfront Partners II, LLC, a Delaware limited liability company, in connection with the development of SWL 351 (located on the Embarcadero at Washington Street, adjacent to the 8 Washington parcel) to extend the term to October 31, 2012 (Resolution No. 12-44)

Director's Recommendation: Approve the Attached Resolution

SUMMARY

The purpose of this memorandum is to provide the Port Commission and the public with information regarding Port staff's recommendation to approve an extension of the term of the Exclusive Negotiation Agreement ("ENA") with San Francisco Waterfront Partners II, LLC ("SFWP" or "Developer") in conjunction with the Seawall Lot ("SWL") 351 development project (the "Project") from May 16, 2012 to October 31, 2012.

BACKGROUND

Port and Developer have been working toward the development of Port-owned SWL 351, currently a surface parking lot, located on The Embarcadero at Washington Street, in conjunction with the adjacent private property west and north of SWL 351 known as 8 Washington. SWL 351 and the adjacent private property together constitute the project site ("Site"). The adjacent private property is home to a private athletic club formerly known as the Golden Gateway Tennis and Swim Club (the "Club"), now known as Bay Club at the Gateway.

THIS PRINT COVERS CALENDAR ITEM NO. 8D

Previous Port Commission staff reports and other City reports provide important background information about the Port's actions¹ regarding the Project and related planning efforts, including the following:

- **Port Commission Authorization of Developer Solicitation:** The Port Commission authorized the request for proposal process for SWL 351 in July 2008 (Resolution No. 08-45)².
- **Port Commission Award of Development Opportunity:** After staff analysis of their development proposal, Developer was awarded the SWL 351 development opportunity and authorized to enter an ENA in February 2009 (Resolution No. 09-12)³.
- **Planning Commission Support of Northeast Embarcadero Study:** The Northeast Embarcadero Study (NES) is an urban design analysis for the northeast embarcadero area and provides recommendations to improve the public realm and the design of new development in the area. Planning Department staff published the NES in May 2010 and on July 8, 2010, the Planning Commission passed a Resolution in support of the study⁴.
- **Port Commission Endorsement of Term Sheet:** Developer received approval of a Project term sheet in September 2010 (Resolution No. 10-66). The term sheet presents a conceptual agreement by the parties of the terms of a transaction, based on policy direction by the Port Commission and approval of a revised project design responding to the NES⁵.
- **California Environmental Quality Act ("CEQA"):** On March 22, 2012, the Planning Commission reviewed and considered the Final Environmental Impact Report (Final EIR) in Planning Department File No. 2007.0030E and found that the contents of said report and the procedures through which the Final EIR was prepared, publicized and reviewed complied with the provisions of the California Environmental Quality Act (CEQA), the CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code and found further that the Final EIR reflects the independent judgment and analysis of the City and County of San Francisco, is adequate, accurate and objective, and that the Comments and Responses document contains no significant revisions to the Draft EIR, and certified the

¹ All listed Board of Supervisors and the Port Commission approvals were made subject to the completion of environmental review of the proposed project under CEQA.

² See link:

[http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2008/Item%209A%20SWL351%20RFP%20issuance\(1\).pdf](http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2008/Item%209A%20SWL351%20RFP%20issuance(1).pdf)

³ See link:

<http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2009/Item%2011b%20SWL351%20Staff%20Report.pdf> and

<http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2009/Item%2011b%20SWL%20351%20Revised%20Resolution.pdf>

⁴ See link: <http://www.sf-planning.org/index.aspx?page=1662>

⁵ See link: <http://sf-port.org/Modules/ShowDocument.aspx?documentid=154>

completion of said Final EIR in compliance with CEQA and the CEQA Guidelines. For copies of CEQA documents in the San Francisco Planning Department's file for CEQA Case No. 2007.0030E *8 Washington Street/ Seawall Lot 351 Project*, including the Draft Environmental Impact Report ("EIR") and Comments & Responses/Final EIR⁶, please see the Planning Department's Environmental Planning Division website. Copies of these documents are also on file with the Port Commission Secretary.

The Planning Commission's findings have been appealed. The Board of Supervisors is scheduled to hear and rule on the appeal on May 15, 2012. An extension of the ENA, which otherwise expires on May 16, 2012, is therefore required to maintain the contractual relationship between Port and Developer.

First Amendment to Exclusive Negotiation Agreement ("Amended ENA")

As mentioned above, Port and Developer entered into an Exclusive Negotiation Agreement ("ENA") dated as of August 20, 2009 setting forth the terms and conditions under which Port and Developer would negotiate a Term Sheet, a Disposition and Development Agreement ("DDA"), a Lease and other Transaction Documents required to implement the Project. Pursuant to their obligations under the ENA, the Port and Developer extended the ENA by the First Extended Term and the Second Extended Term and on May 11, 2011, Developer provided a Force Majeure Notice to the Port which stated that as a result of a Litigation Force Majeure Event, Developer reasonably estimated it would need until May 16, 2012 to fulfill its obligations under the ENA,

In order to give Developer sufficient time to complete environmental review and finalize negotiation of transaction documents, the term of the Amended ENA will be extended for a Third Extended Term which shall expire upon the earlier of October 31, 2012, or the effectiveness of the transaction documents, unless in each case, such dates are extended by force majeure, as further described in the Amended ENA on file with the Port Commission Secretary.

During any period in which the ENA is in effect, all of the terms and conditions of the Amended ENA shall be superseded by the terms and conditions of the DDA. If the DDA or PSA is invalidated or otherwise terminates due to an event of litigation force majeure or CEQA delay, then the terms and conditions of the Amended ENA shall control through the Third Extended Expiration Date. If the DDA or PSA terminates by its terms for any other reason, the Amended ENA shall terminate concurrently with the DDA or PSA, as applicable.

PROPOSED PROJECT

The Project presents an opportunity to realize the vision put forth in the Waterfront Plan:

1. Creates important new visual and pedestrian public access linking Jackson Street to The Embarcadero.

⁶ See link: <http://www.sf-planning.org/index.aspx?page=1828>

2. Achieves a long term solution to parking needs of the Ferry Building waterfront area.
3. Improves the visual quality of the Ferry Building waterfront area by locating parking underground and creating an attractive mixed use development that enhances the land side of The Embarcadero and reconnects San Francisco with the waterfront.
4. Creates new parks along The Embarcadero, enhancing the waterfront visitor experience.
5. Provides visitor-serving retail uses, including a café in prominent location adjacent to the proposed Pacific Park with waterfront views.
6. Creates new view corridors of the San Francisco Bay through the Site.
7. Creates significant structures that recognize and respect the Port's bulkhead structures across The Embarcadero.
8. Creates one-time and ongoing revenue streams for the Port and City.

Developer has conducted extensive due diligence investigations of the Site and presented the Project drawings to the Waterfront Design Advisory Committee and made in excess of 70 presentations of the plans to various community groups, stakeholders and the Port's Northeast Waterfront Advisory Group. The Port Commission has been regularly updated as the Project design evolved in response to public comment, market due diligence and regulatory input. The most recent update was an informational presentation at the November 15, 2011 Port Commission meeting. The Project includes 134 units of for-sale housing with one dedicated vehicle and one dedicated bicycle space for each unit; 80 parking spaces for the Project's commercial uses, 6 carshare spaces, 27 public bicycle parking spaces and 175 parking spaces available for the short term parking needs of the Ferry Building waterfront area; 30,000 square feet of public open space; 20,000 square feet of restaurants and a rebuilt and expanded 38,000 square foot aquatics and fitness center to replace the existing recreational facility.

NEXT STEPS

If the Port Commission approves the extension of the ENA, the following additional approvals must be obtained before the Port will convey the transaction documents and before construction can proceed on the Project:

- Board of Supervisor finding to uphold the Planning Commission's March 22, 2012 certification of the Final Environmental Impact Report (FEIR)
- Port Commission adoption of the Project's CEQA findings
- Port Commission adoption of the Project's mitigation and improvement measures and the Mitigation Monitoring and Reporting Program
- Port Commission approval of the Disposition and Development Agreement, Lease No. L-15110 for a term of 66 years, Purchase and Sale Agreement, Trust Exchange Agreement, Maintenance Agreement and schematic drawings
- State Lands Commission approval of the Trust Exchange Agreement
- Approval by the Board of Supervisors of the Lease, Purchase and Sale Agreement, Trust Exchange Agreement and the Maintenance Agreement

- Issuance of building and encroachment permits for construction of the improvements on Port property

STAFF RECOMMENDATION

Extending the ENA is an important and necessary step in the development of SWL 351. Port Staff respectfully request approval of the extension of the Exclusive Negotiation Agreement as described above.

Prepared by: Phil Williamson, Project Manager

For: Byron Rhett, Deputy Director
Planning & Development

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 12-44

- WHEREAS, Charter Section B3.581 empowers the Port Commission ("Port") with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within the Port jurisdiction; and
- WHEREAS, The Port of San Francisco Waterfront Land Use Plan, including the Design and Access Element (collectively, the "Waterfront Plan") is the Port's adopted land use document for property within Port jurisdiction, which provides the policy foundation for waterfront development and improvement projects; and
- WHEREAS, The Port owns Seawall Lot 351 ("SWL 351"), a triangular lot located at Washington Street and The Embarcadero, which lot is also within both of the Waterfront Plan's Ferry Building Waterfront area and Mixed Use Opportunity area, and is adjacent to the Golden Gateway residential site having an address at 8 Washington Street ("8 Washington site;" together with SWL 351, the "Project Site"); and
- WHEREAS, By Resolution No. 08-45, the Port Commission authorized staff to issue a Request for Proposals (the "RFP") to solicit developer proposals from qualified parties to develop and operate on SWL 351 a mixed-use project to promote the common law public trust for commerce, navigation, and fisheries and the statutory trust imposed by the Burton Act, Chapter 1333 of the Statutes of 1968, as amended and the Waterfront Plan, including the Development Standards for the Ferry Building Mixed Use Opportunity Area, and the RFP was issued on November 10, 2008; and
- WHEREAS, By Resolution 09-12, the Port Commission awarded to San Francisco Waterfront Partners II, LLC ("SFWP") an exclusive right to negotiate with the Port to develop the Project Site; and
- WHEREAS, The Port and SFWP entered into an Exclusive Negotiating Agreement, effective August 26, 2009 (the "ENA"), setting forth the process, terms and conditions upon which the Port and SFWP agreed to negotiate certain transaction documents for the development of the Project Site
- WHEREAS, The term of the ENA expires on May 16, 2012, and SFWP has requested an extension of the ENA term in order to give the parties sufficient time to complete environmental review of the Project and negotiate the transaction documents; and
- WHEREAS, The parties have negotiated a First Amendment to the ENA ("First

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DEPARTMENT OF CHEMISTRY

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Amendment”), a copy of which is on file with the Port Commission Secretary, extending the ENA term to the earlier of October 31, 2012 or the effectiveness of the transaction documents, unless in each case, such dates are extended or terminated in accordance with the First Amendment; and

WHEREAS, Port staff recommends that the Port Commission approve the First Amendment, which amendment is outlined in the accompanying Staff Report for this Item; now, therefore, be it

RESOLVED, That the Port Commission hereby approves the terms of the First Amendment and authorizes and directs the Executive Director of the Port (“Executive Director”), or her designee, to execute the First Amendment, with the understanding that the final terms and conditions of any development agreement, lease or related documents negotiated between the Port and SFWP during the exclusive negotiation period will be subject to the approval of the Port Commission; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the First Amendment that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially decrease the benefits or otherwise materially increase the obligations or liabilities of the Port, and are necessary or advisable to complete the transactions that the First Amendment contemplates and effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of such additions, amendments or other modifications to the First Amendment; and be it further

RESOLVED, That approval of the First Amendment does not commit the Port Commission to approval of the transaction documents and that the Port Commission shall not take any discretionary actions committing it to the Project until the Port Commission has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act; and be it further

RESOLVED, That the Port Commission, pursuant to Section 2.5(b) of the ENA, hereby extends the Exclusive Negotiation Period to the earlier of October 31, 2012 or the effectiveness of the transaction documents, unless in each case, such dates are extended or terminated in accordance with the First Amendment.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 8, 2012.

Secretary

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MEMORANDUM

May 3, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Request authorization to execute a contract modification to Contract No. 2744R, Roundhouse 2 Heating, Ventilation and Air Conditioning Central Plant Upgrade Project, with EVRA Construction Co., to extend the original contract duration of 150 days by an additional 67 days and to increase the original contract amount by \$77,534 for additional scope of work.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Introduction

Port staff requests that the Port Commission authorize a contract modification to the Roundhouse 2 Heating, Ventilation and Air Conditioning (HVAC) Central Plant Upgrade Project, Contract No. 2744R, to extend the original Contract duration of 150 days by an additional 67 days, and to increase the contract amount of \$498,300, by the sum of \$77,534, for the additional scope of work of replacing 10 heat pumps. Section 6.22(H) of the City Administrative Code requires Port Commission approval for this proposed contract modification because the contract amount modification and time extension will increase the original contract amount and duration by more than 10 percent.

Background

The Port Commission, at its meeting on September 13, 2011, authorized award of Contract No. 2744R, Roundhouse 2 HVAC Central Plant Upgrade Project (the "Project"), to EVRA Construction Inc. in the not-to-exceed amount of \$453,000, and authorized a 10% contingency of \$45,300 for further contract increases (Port Commission Resolution 11-55).

THIS PRINT COVERS CALENDAR ITEM NO. 8C

The original project scope consists of demolishing the existing HVAC central plant consisting of the cooling tower, boiler, and pumps on the roof and replacement with a new energy efficient skid mounted package HVAC central plant; testing, adjusting and balancing the HVAC distribution system; and performing as-needed repairing of ducts, registers, thermostat controls, and heat pumps to optimize the comfort of tenants.

The Port has been receiving frequent complaints from the tenants due to the down time of heat pumps in the Round House 2 Building. Also the Port Maintenance Division has had significant maintenance problems with the heat pumps that have been in service for more than 27 years. As such, Maintenance staff have determined that it is more economical to replace these heat pumps rather than to repair them, and have been replacing these outdated heat pumps. However, due to pressing work elsewhere in the Port's portfolio, Maintenance staff have not been able to replace the remaining 10 heat pumps in time for EVRA Construction to perform the Roundhouse 2 HVAC system balancing as part of the upgrade project. So, Maintenance staff have requested that the replacement of the remaining 10 heat pumps be included in the existing Roundhouse 2 HVAC upgrade project. It is best to perform HVAC system balancing with new heat pumps installed, so balancing is performed with all units functioning to obtain optimal conditioned air circulation.

The HRC LBE Subcontracting Goal for the project is 5%. As part of the contractor's efforts to meet the HRC LBE participation goal, the contractor is purchasing 10 HVAC units from a HRC certified LBE supplier for \$31,318, which will result in 24% of this change order work being credited to the project LBE participation goal.

Funding

For the added replacement work of 10 heat pumps, the negotiated cost from the contractor is \$77,534 (see Attachment 1). This project is fully funded by Harbor Operating Funds as follows.

Original Contract:	CPO 761	\$453,000
10% Contingency	CPO 761	<u>\$ 45,300</u>
Original Project Funding	CPO 761	\$498,300

This modification:

	CPO 776	\$ 7,900
	GPO 543	\$ 20,000
	CPO 761	<u>\$ 49,634</u>
Total of requested contract modification:		\$ 77,534
Total revised project funding:		\$575,834

Original 10% contingency (\$45,300) may be used later to repair HVAC deficiencies identified by the contractor during construction.

Schedule

The proposed contract modification will extend the contract duration by 67 days, to allow the contractor appropriate time to complete the added work to replace 10 heat pumps.

Original substantial completion date	May 2, 2012
Proposed contract modification	67 calendar days (time extension)
Revised substantial completion date	July 8, 2012

Summary

Port staff recommends that the Port Commission authorize the proposed contract modification to Contract No. 2744R, Roundhouse 2 Heating, Ventilation and Air Conditioning Central Plant Upgrade Project, to extend the original contract duration of 150 days by an additional 67 days and increase the original authorized contract amount of \$498,300, by \$77,534, resulting in a new contract amount not to exceed \$575,834, for the additional scope of work described above.

Prepared by:	David T. Hu, P.E. Mechanical Engineer Project Engineer
	Mabal S. Bhat, P.E. Senior Electrical Engineer
For:	Edward F. Byrne, S.E. Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 12-43**

- WHEREAS, The Port Commission previously authorized the award of Construction Contract No. 2744R, Roundhouse 2 Heating, Ventilation and Air Conditioning Central Plant Upgrade Project, to EVRA Construction Inc. ("Contractor") on September 13, 2011; and
- WHEREAS, The original project scope consists of replacing the Heating, Ventilation and Air Conditioning ("HVAC") central plant and performing other improvement work to optimize the comfort of tenants at the Roundhouse 2 Building ("premises"); and
- WHEREAS, The Port Maintenance Division has experienced significant maintenance problems with the heat pumps that have been in service for more than 27 years at the premises, and has been replacing these heat pumps; but due to pressing work elsewhere in the Port's portfolio, Maintenance has not been able to replace the remaining 10 heat pumps in time for the Contractor to perform HVAC system balancing as part of the upgrade project; and
- WHEREAS, The Port Maintenance Division has requested that the replacement of the remaining 10 heat pumps be included in the existing Roundhouse 2HVAC Upgrade Project with contractor; and
- WHEREAS, For the additional work to replace 10 heat pumps, Port staff have negotiated with the Contractor a cost of \$77,534; and
- WHEREAS, The additional scope of work to replace 10 heat pumps warrants an extension of 67 days to the original contract duration of 150 days to allow the Contractor to complete the additional work; and
- WHEREAS, To accomplish this proposed additional work, Port staff recommend a modification to Contract No. 2744R to extend the original Contract duration by an additional 67 days and to increase the contract amount by \$77,534; now, therefore be it
- RESOLVED, That the Port Commission hereby authorizes Port staff to execute a contract modification to Contract No. 2744R, Roundhouse 2 Heating, Ventilation and Air Conditioning Central Plant Upgrade Project, with EVRA Construction Co., to extend the original Contract duration of 150 days by an additional 67 days and increase the contract amount of \$498,300 by \$77,534, resulting in an amended contract amount of \$575,834, for the additional scope of work described above.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of May 8, 2012.

Secretary



01(3R)

4/23/2012

requested time extension:[illegible]

MATERIALS				COST
Equipment (10 Carrier Pumps) LBE supplier	\$ 28,865.00	8.5%		\$ 31,318.53
Misc. Materials: Bolts , Sheet metal, duct Tape, etc	\$ 100.00	10 each		\$ 1,000.00
Disposition of Units/scrap	\$ 75.00	10 each		\$ 750.00
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL				\$ 33,068.53

SUBCONTRACTORS/ first tier	NAME			TOTAL
Electrician (80hrs x \$ 105.00) =\$8400+10% O&P				\$ 9,240.00
Pipe Fitters (160 hrs x 109.00)= \$17,440+ 10% O&P				\$ 19,184.00
				\$ -
				\$ -
	TOTAL			\$ 28,424.00

<u>EQUIPMENT RENTAL</u>	ID	DAYS	RATE	TOTAL
				\$ -
				\$ -

				\$ -
				\$ -
4		TOTAL		\$ -

	<u>TOTAL COST</u>		COST
	15% LINE 1		\$ 1,260.00
	15% LINE 2		\$ 4,960.28
	5% of LINE 3		\$ 1,421.20
	15% of Line 4		\$ -
	bond fees 1%		\$ -
5	line 1;2;3;4		\$ 69,892.53

Included O&P + Taxes

TOTAL PCO

\$ 77,534.00

This is not a new agreement. The items above enumerate changes order necessary for the completion of the subject project All Provisions of the original Contract Documents shall remain unchanged except as specifically modified by the Change Order. This document is made with the reservation of a claim for attendant field costs, general administration costs, ripple effect costs for extension of time. Unless written objection to this change order is received within ten days, acceptance of this change order shall be effective by all parties

APPROVAL:

Date _____

Yefim Ostrovskiy
President

Owner Representative

Date _____

signature

Architect

Date _____

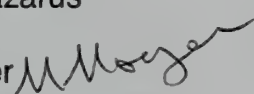
signature



MEMORANDUM

May 3, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Informational Presentation on the Revised Proposal for the Lease and Development of Seawall Lot 337 and Pier 48, adjacent to AT&T Park, bounded by China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay

DIRECTOR'S RECOMMENDATION: Information Only - No Action Required

EXECUTIVE SUMMARY

On September 15, 2010 the Port entered into an Exclusive Negotiation Agreement ("ENA") for the mixed use development of Seawall Lot (SWL) 337 and the adjacent Pier 48, both located across from AT&T Park, with Seawall Lot 337 Associates, LLC ("Developer") which includes the San Francisco Giants. In accord with the ENA, on March 15, 2012, Developer submitted a Revised Proposal for the site representing an important step towards earnest land use and financing discussions that will lead to a project term sheet later this year.

BACKGROUND

In October 2007, the San Francisco Port Commission initiated a two-phase developer solicitation process for SWL 337, a 16 acre Port waterfront site located along the south side of China Basin Channel, generally bounded by Third and Mission Rock Streets, and Terry Francois Boulevard; and Pier 48, a 212,500 square foot warehouse complex adjacent to SWL 337. Currently SWL 337 is used as a surface parking lot under lease to a San Francisco Giants affiliate. Pier 48 uses include, among other things, ballpark overflow parking in the northern shed and storage for the Department of Elections in the southern shed. All of these current uses are on short term leases in anticipation of development.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

On May 12, 2009, the Port Commission awarded the SWL 337 development opportunity to Developer and authorized exclusive negotiations for a mixed used development project at SWL 337 and Pier 48.¹ That fall, the Developer informed the Port of changes to its development entity resulting from unforeseen impacts of the economic recession. Concurrent with Developer's complex internal reorganization efforts, Port and the Developer spent several months negotiating the terms of an Exclusive Negotiation Agreement ("ENA"). The ENA outlines a 2 phase approach. Phase 1 allocates 24 – 30 months for the parties to reach agreement on a project plan and financial terms culminating in Term Sheet approval by the Port and endorsement by the Board. Phase 2 allocates 3 years to complete the entitlement and permitting process for the project.

REVISED PROPOSAL

Pursuant to the ENA, on March 15, 2012, the Developer submitted a Revised Proposal describing a mixed-use program that balances residential, office, retail, exhibition and parking uses distributed over a network of fine-grained city blocks. At its meeting on May 8, 2012, the Developer will present its proposed program to the Port Commission and the public. The combination of Port Commission uses will evolve as this project moves forward to meet market demands and reflect community and regulatory concerns.

Residential:	650 to 1000 apartments and townhouse-style units
Office:	1,300,000 to 1,700,000 gross square feet, traditional and/or biotech
Retail:	125,000 square feet
Exhibits/Events:	Up to 180,000 square feet at Pier 48
Open Space:	7 acres of public open space
Parking:	2,690 off-street spaces

NEXT STEPS

Port staff is working closely with Developer in twice weekly meetings to review and critique the Revised Proposal. Our combined efforts this spring and summer will produce a comprehensive term sheet for Port Commission review and approval later this year.

Recognizing the key role of community input to date, staff and Developer will continue ongoing outreach to the Central Waterfront Advisory Group, the Mission Bay Citizen Advisory Committee and appropriate regulatory agencies.

Prepared by: Phil Williamson, Project Manager
Jonathan Stern, Assistant Deputy Director
Waterfront Development

For: Byron Rhett, Deputy Director
Planning & Development

¹ Subject to the ENA's Financial and Negotiating Principles attached to Resolution No. 09-26.

EXHIBIT A

Term	<u>Phase 1:</u> 24 months w/ one 6 month extension <u>Phase 2:</u> 36 months w/ two 6 month extensions
Performance Benchmarks	<u>Phase 1 Benchmarks:</u> 1. Agree on Phase 1 Transaction Costs Budget (Completed 6/7/10) 2. Submit Public Relations Program (Completed 12/14/10) 3. Submit Developer Formation Documents (Completed 2/21/11) 4. Submit Revised Proposal Concept (Completed 3/15/11) 5. Submit Revised Proposal (Completed 3/15/12) 6. Submit Community Outreach Program (Completed 4/13/12) 7. Submit Public Trust Consistency Proposal (Due 6/15/12) 8. Submit Regulatory Approval Plan (Due 6/15/12) 9. Submit Term Sheet (Due 6/15/12) 10. Obtain Port Commission Endorsement of Revised Proposal and Term Sheet (Due 9/15/12) 11. Submit Draft Report to Obtain Fiscal Feasibility Endorsement from Board (Due 9/15/12) 12. Obtain Board Endorsement of Term Sheet, Finding of Fiscal Feasibility (Due 9/15/12) <u>Phase 2 Benchmarks:</u> 13. Agree on Phase 2 Transaction Costs Budget 14. Submit EIR Initial Study Application 15. Publication of EIR Initial Study 16. Publication of Draft EIR 17. Planning Commission Certification of Final EIR 18. Planning Commission Approval of Required Rezoning 19. Reach Agreement on Transaction Documents 20. Obtain Public Trust Consistency Determination 21. Obtain Port Commission Approvals 22. Obtain Board Approval of Lease 23. Obtain Regulatory Approvals 24. Complete Due Diligence Investigation
Incurable Defaults	The following events will cause termination of the ENA without an opportunity to cure: • Failure to agree on terms and conditions of the Term Sheet within the time allowed • Failure to obtain Port or Board endorsement resolution within the time allowed • Failure to execute the LDDA within the time allowed • Developer voluntarily withdraws or abandons the project • Developer assigns the ENA without Port consent • Developer initiates ballot measure or is in violation of the campaign contributions law



MEMORANDUM

May 3, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer, Executive Director *M Moyer*

SUBJECT: Fiscal Year (FY) 2012/13 – FY 2016/17 Five Year Financial Plan Update

DIRECTOR'S RECOMMENDATION: Informational Item – No Action Required

The purpose of this item is to provide an update on the Port's Five Year Financial Plan ("Financial Plan") for Fiscal Year (FY) 2012/13 – FY 2016/17 to allow for Port Commission consideration and feedback. The draft Financial Plan is attached for Port Commission review. The prior financial plan for FY 2011/12 – FY 2013/14 was presented to the Board Supervisor in April 2011.

On November 3, 2009 San Francisco voters approved Proposition A, which among other things established the requirement under Charter Section 9.119 for the City and County of San Francisco ("the City") to prepare a five-year financial forecast. The Port participated in the creation of the City's first financial plan in the spring of 2011, which was then approved by the Board of Supervisors on June 7, 2011.¹ The City is required to prepare a five-year financial outlook by the first of March in every odd fiscal year, which will occur less than one year from now in 2013.² In preparation, staff will undergo a more in-depth analysis of the Port's five year projections and bring that information to the Port Commission for review. This update is intended to provide the Commission with a high level look at the Port's budget projections so that the Commission can guide the Port's financial decisions to leverage near term opportunities and address financial risks.

¹ A copy of the Financial Plan is available on the Mayor's Office website at <http://sfmayor.org>.

² See, Administrative Code, Section 3.6.

OVERVIEW OF PRIOR PLAN

The Port's Financial Plan for FY 2011/12 – 2015/16 identified a trend of growing operating expenses that outpace revenues, leading to an operating deficit that would require budget reductions beginning in FY 2013/14. Although revenues were projected to grow at an average rate of 3 percent over the five year period, they were outpaced by 4 percent growth in expenditures, including \$8 million (28%) growth in salary and fringe expenditures. In contrast, capital investments were projected to decline to as low as \$8.3 million in FY 2015/16, deepening the Port's existing backlog of capital requirements such as deferred maintenance and emergency needs.

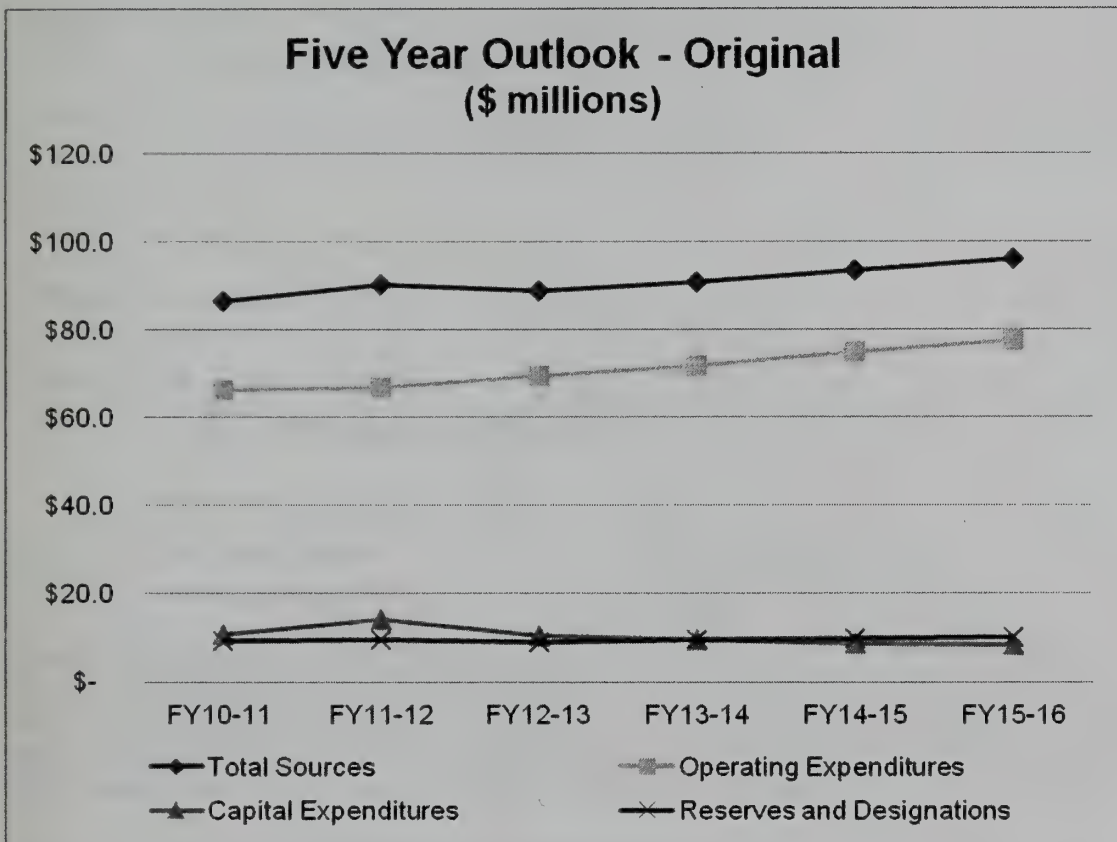


Figure 1: To accommodate increases in Operating Expenditures (17%) and the 15 Percent Operating Reserve (9%), Capital Expenditures declined by a significant 23 percent. Capital spending averaged \$10.2 million over the five year period, with a low of \$8.3 million in FY 2015/16. In contrast, the 15 Percent Operating Reserve averaged \$9.6 million – barely lower than the average capital budget.

UPDATE OF FIVE YEAR OUTLOOK

Staff project that over the next five years the total budget will increase by \$14.8 million (16%), from \$91.2 million in the FY 2011/12 base year to \$106.0 million in FY 2016/17,

with an average growth of \$3.0 million (3%) per year.³ The updated Financial Plan is similar to the prior forecast, with growing Operating Expenditures and declining Capital Expenditures, however improved revenue projections accommodate setting aside additional reserves to protect capital investments.

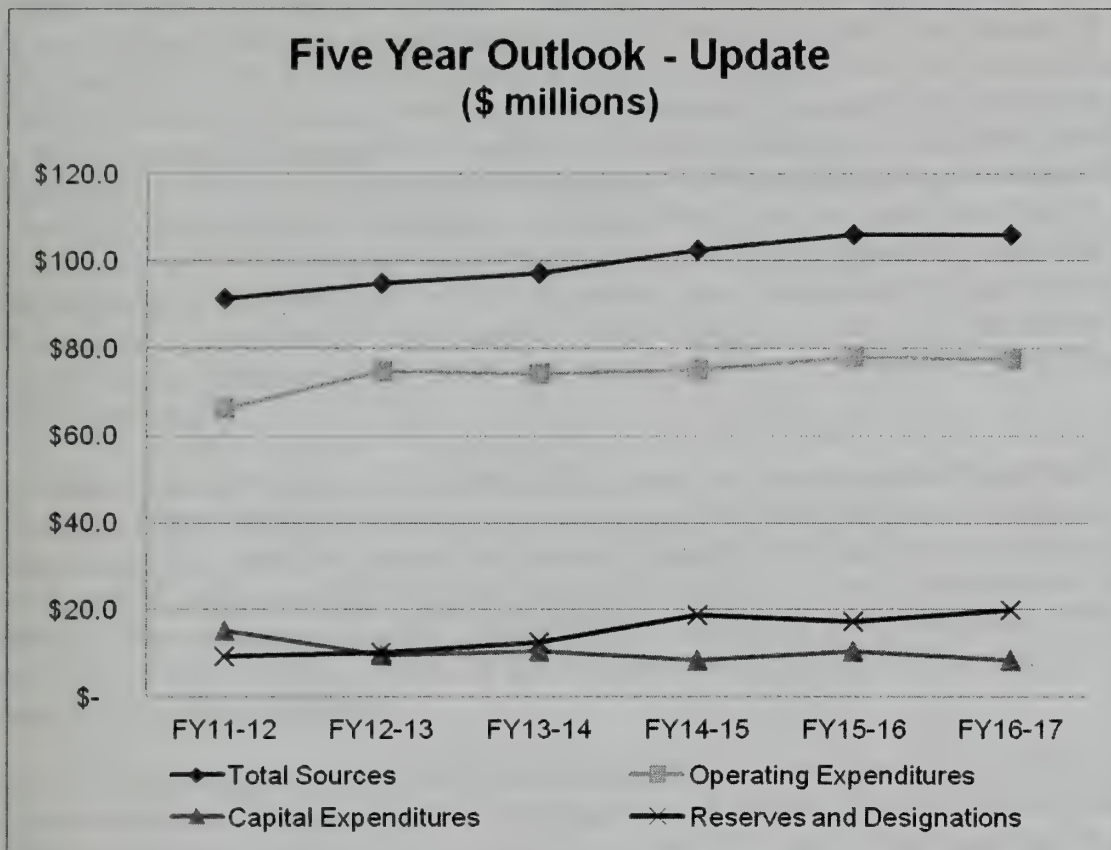


Figure 2: The updated forecast identifies additional sources of funds and prioritizes funding for capital that is projected to average \$9.6 million over the five year period as a result of the Policy for Funding Capital Budget Expenditures. While there is growth in Operating Expenditures (17%) and reductions in Capital Expenditures (-44%), the Port now designates operating revenue to future capital needs, allowing for much larger growth in Reserves and Designations (111%).

While this outlook is relatively positive, staff recognizes that the improvements to the Financial Plan are derived primarily from a projection of strong revenue growth, one-time revenue sources, and meeting the minimum allocation for capital designations only in years three through five by identifying cuts in the Operating Budget. The uncertainty of this revenue calls for continued recognition of both the risks and opportunities that lay ahead. Also, the Port continues to face the challenge of supporting growing operating expenses while ensuring that capital investments not only remain constant but increase

³ The total budget includes Operating Expenditures, Capital Expenditures and Reserves and Designations. For the purpose of this report, Operating Expenditures include both regular Operating Expenditures and Annual Projects, Reserves and Designations includes the 15 percent Operating Reserve and the Designation to Capital and Capital Expenditures only includes the Capital Budget.

in order to address the critical need of the Port's waterfront infrastructure. These issues are laid out in more detail below.

Protecting Capital Improvement Resources

In an effort to shift the trends identified in the previous Financial Plan, Port staff sought to more accurately estimate expenditure needs and revenues within the proposed FY 2012/13 and FY 2013/14 Biennial Operating Budget.⁴ Largely due to improvements in revenue projections, operating surpluses were generated that were then designated to future facility repairs to ensure more stability in capital funding in subsequent years. To institutionalize this model, staff introduced and the Port Commission approved a Policy for Funding Capital Budget Expenditures (Capital Policy) that requires the Port to commit a minimum of 20 percent and a target of 25 percent of operating revenues to capital each fiscal year, either in the form of capital appropriations or by designating surplus operating revenues to future capital.⁵ Assuming that Port revenues will improve over time, implementation of this policy will guide the Port to continuously improve its capital investments.

In the context of the Financial Plan, the policy strives to protect capital investments with an average of \$9.6 million sustained in capital appropriations over the five year period.⁶ The requirement to meet 20 percent of operating revenues for capital investment forces tradeoffs within the operating budget in years that would have led to *even lower* capital investment. For example, Operating Expenditure reductions will be required in fiscal years 2014-15 (\$1.0 million), 2015-16 (\$0.2 million) and 2016-17 (\$2.8 million) in order to meet the policy requirement.

Notably, the Port will not comply with the Capital Policy in FY 2012/13 or FY 2013-14. While the budget as proposed to the Commission in February 2012 did meet the 20 percent requirement, the Port Commission approved the use of fund balance⁷ that would have otherwise supported the Capital Budget for implementation of the AC34 and Cruise Terminal projects.⁸ Staff recognized the tradeoffs between meeting the Capital Policy objectives or addressing infrastructure obligations for a successful 34th America's Cup.

⁴ See staff report, "Request Approval of the Port's Fiscal year (FY) 2012/13 and FY 2013/14 Biennial Operating Budget," dated February 23, 2012.

⁵ See staff report, "Port Policy for Funding Capital Budget Expenditures," dated February 23, 2012.

⁶ That is a decline from the \$10.2 million average identified in the FY 2011/12 – 2015/16 Financial Plan.

⁷ Fund Balance includes the 15 percent Operating Reserve and any surplus revenues or year-end expenditure savings that accumulate each fiscal year.

⁸ Specifically, the \$2.9 million operating surplus that was designated to future capital in FY 2012/13 was completely reallocated to support \$1.0 million one-time AC34 expenses, \$1.4 million additional COP payments and \$0.5 million other operating expenditure requirements. Likewise, in FY 2013/14, the operating surplus was reduced by \$3.4 million to support Operating Budget adjustments including \$1.8 million in COP payments and \$1.2 million reduction in Fund Balance and revenue.

Revenue Projection

Staff project that over the next five years revenues will increase by \$17.0 million (25%), from \$68.9 million to \$85.9 million, with an average growth of \$3.4 million (5%) per year. Of this growth, 71% is derived from regular operational sources such as commercial/industrial rents, parking and maritime revenues. The remaining 29% of growth is related to development initiatives that will enhance current revenue streams, including re-tenanting AC34 venue sites after completion of the event, new special event revenues at the new Pier 27 Cruise Terminal and development of Seawall Lot 351 (the 8 Washington project). While these development initiatives prove to be beneficial to the Port's budget forecasting they also pose a risk to budget projections due to the uncertainty that they will actually come into fruition and/or result in the growth staff estimates. Should any of these initiatives fall short of their projected levels the Port will need to make further tradeoffs between capital and operating investments in order to adjust to the lesser availability of funds.

The revenue projections also include notable one-time sources: \$3 million in FY 2014/15 and \$1.5 million in FY 2015/16. These sources will need ongoing replacements to stabilize budget projections beyond the five-year projection period.

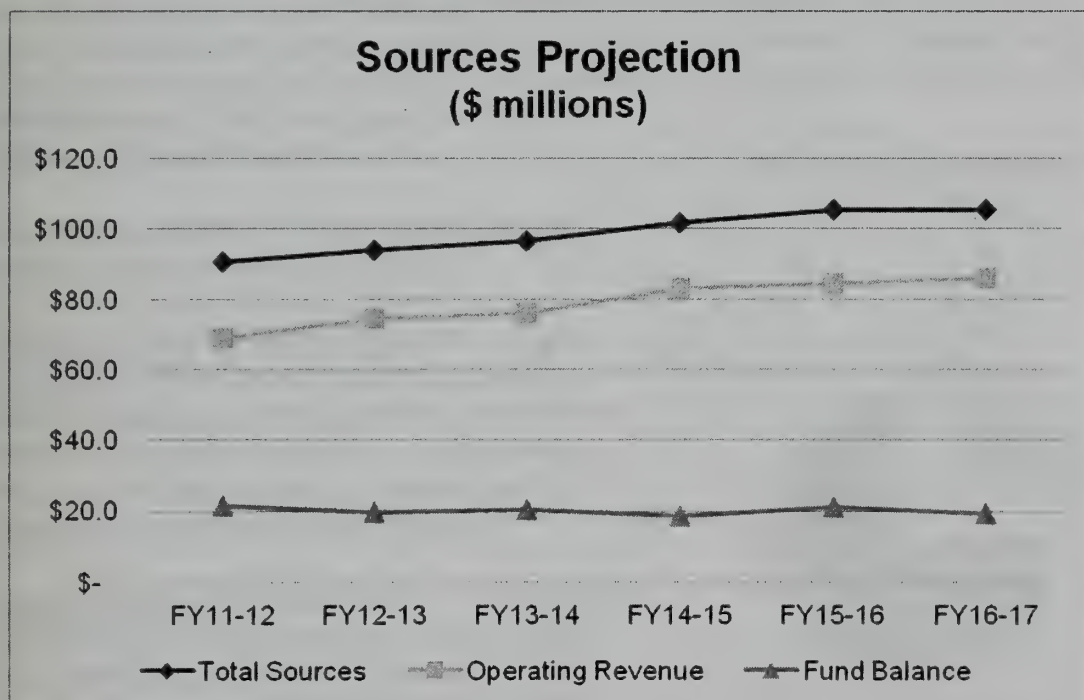


Figure 3: While Fund Balance remains relatively constant, with an average of \$19.8 million on deposit, Operating Revenue is projected to increase steadily over the next five years due to improved economic trends, development initiatives and annual percentage rent increases.

Some key drivers behind the operating budget improvements include:

1. Commercial/Industrial Rent – Over the five year period, Commercial/Industrial rent is expected to increase by \$8.7 million (22%). Much of this increase is reflected in the

first two years of the Financial Plan, as the FY 2012/13 and FY 2013/14 budgets were adjusted to capture improved percentage rents resulting from positive economic trends that are being generated along the Waterfront and throughout San Francisco.

2. Parking Revenue – Meter revenue is anticipated to increase \$4.4 million (32%) over the next five years, due largely to expansion of parking meter locations along Terry Francois Boulevard and Illinois Street in the Southern Waterfront.⁹ Additionally, expansion of enforcement, parking rents anticipated with the opening of the Exploratorium, and the return of AC34 locations for the highest and best interim use will all drive ongoing revenue growth.
3. Cruise and other Maritime – Due to increased cruise calls and passenger capacity of ships, the Port is projecting \$1.3 million (66%) growth in cruise revenue over the next five years. This is the largest growth area for the Maritime Division, but Ship Repair is also projected to show substantial growth of 34%. Notably, the Maritime Division will also recover \$4.3 million from BAE Ship Repair and the Public Utilities Commission as part of the surcharge and rebate agreement that the Port reached with those entities in exchange for installing new shoreside power equipment at Pier 70 to achieve significant air quality improvements as a result of lowering emissions from ships repaired at that site. This recovery will pay back the Certificates of Participation (COPs) obligation the Port has entered into with the City.

Some key development-related assumptions included in the revenue budget are:

1. Leasing up the America's Cup Short Term Venues – The forecast reflects leasing up AC34 venues as parking almost immediately after the event in FY 2013/14, followed by replacing those parking operations with regular tenants over the next year.
2. Cruise Terminal Special Events – Beginning in FY 2014/15 staff assumed around \$800k per year for special events located in the new cruise terminal facility at Pier 27 after completion of AC34.
3. Sea Wall Lot 351 (8 Washington) Development – If the project is approved, the Port expects to generate a \$40k per year

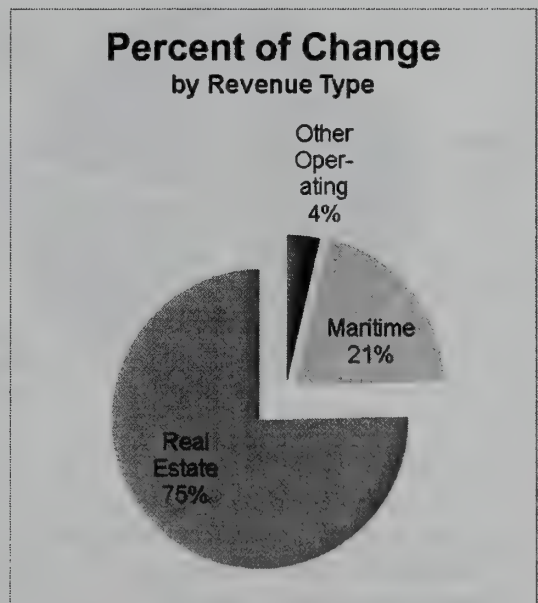


Figure 4: While Real Estate revenues are the primary growth area for the Port, Cruise and Ship Repair revenue in the Maritime Division plays a valuable role in supporting the growing demands of the Port's Operating and Capital budgets.

⁹ These projections assume that revenue generation will commence on Terry Francois Boulevard in FY 2012/13 and on Illinois Street in FY 2013/14.

increase in rental revenue, a \$3.0 million land payment in FY 2014/15 and \$1.25 million per year in tax increment from the implementation of a new IFD. The IFD assumption is not included in the Financial Plan projections because this will likely support bonding for specific capital improvements. Further, the first \$5.0 million of that tax increment is earmarked for improvements to the site's park.

Expenditure Projection

As reflected in the overall budget discussion, Port expenditures are projected to increase by \$14.8 million (16%), from \$91.2 million to \$106.0 million, with an average growth of \$3.0 million (3%) per year. This change allows for substantial increases in the Operating Budget, while meeting the minimum requirement of designating 20 percent of operating revenue surpluses to capital designations only in years three through five. However, meeting this requires yet-to-be determined reductions in Operating Expenditures.

Of the total expenditure changes, the key drivers lie within Operating Expenditures:

1. Salary/Fringe Inflation – Salary and mandatory benefit expenses are projected to increase \$6.6 million (21%), representing 47% of all Operating Expenditure growth over the five year period. This change is primarily due to the expiration of current labor agreements, ongoing growth in retirement contributions required of the City and general inflation in the cost of health and dental care.¹⁰
2. Debt Service and COP payment – Accounting for 15 percent of the rise in Operating Expenditure growth, debt service and COP payments are projected to increase \$2.2 million (56%) due to new COPs that the City is issuing on behalf of the Port to support several critical infrastructure projects including

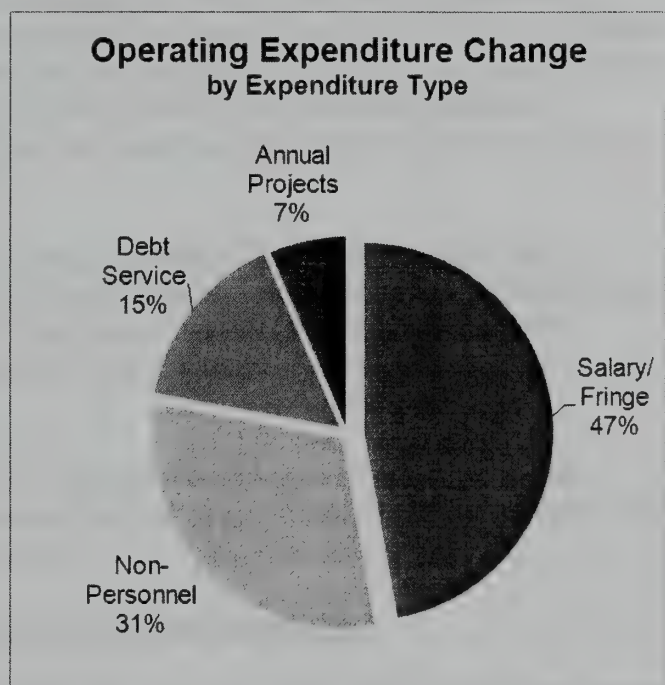


Figure 5: From the base year of FY 2011/12 to FY 2016/17, the primary driver of Operating Expenditures growth is in Salary/Fringe, Non-Personnel and Debt Service expenditures. However, these expenses are offset by Operating Reductions that are necessary to support the designation of operating revenue to capital that will smooth the impact of reductions to Capital.

¹⁰ Proposition C increased retirement contributions for workers and rose the minimum retirement age for some labor groups, generating a projected citywide savings of \$1.3 billion over the next decade. Despite this measure the cost of retirements will continue to grow for City departments, but at a more measured rate.

Phase I of the Cruise Terminal project, America's Cup infrastructure projects and the installation of shoreside power equipment at Pier 70.¹¹

3. Non-Personnel Inflation – While the primary cause of increased non-personnel expenditures is simply annual percentage growth, since these costs comprise so much of Operating Expenditures (40%) the impact of that growth is significant. Over the five year period, non-personnel expenditures, including workorders, are projected to increase by \$3.7 million (15%).

Adjustments to capital spending also play an important role in the Port's five-year outlook:

1. Designation to Future Capital – The other key contribution to the overall expenditure growth (61%) is the designation of operating revenues to future capital. Beginning in FY 2013/14, these funds are critical for the Port to meet the Capital Policy by closing the gap between actual capital appropriations and the 20 percent of operating revenue requirement. However, in order to meet the requirements, staff had to assume undetermined operating budget reductions ranging from \$0.2 to \$2.8 million in fiscal years 2014-15 through 2016-17. This cut to operating expenses reflects the tradeoffs that will be required within the operating budget in some years to ensure the stability of capital appropriations.
2. Capital Expenditures – In contrast with the Operating Expenditures and the Designation to Capital, annual capital appropriations are projected to decline by \$6.8 million (44%) compared to a total of \$15.4 million funded in FY 2011/12, with average funding over the five year period of \$9.6 million annually.¹²

Risks and Opportunities

The financial planning process helped staff identify the strengths and weaknesses within the Port's budget and pursue avenues for improving the outlook. Some key risks and opportunities that staff recognized include:

Expenditure and Revenue Assumptions

In the FY 2012/13 and FY 2013/14 biennial budget, Port staff sought to more accurately estimate of expenditure needs and revenues and proposed a budget that keeps expenditures low and captures trends of growing revenue. While this change helped generate a clearer five-year outlook, there are some areas of risk and for opportunities to improve. For example, some revenue assumptions are liberal such as with the inclusion of the Seawall Lot 351 (8 Washington) project. Otherwise, staff believes that revenue assumptions are moderate and are an accurate depiction of the actual trends. Alternatively, staff was relatively conservative with expenditure assumptions related to

¹¹ Not included in these assumptions are a proposed debt issuance in 2014 to finance Phase II of the Cruise Terminal project and Revenue Projects.

¹² FY 2011/12 was a particularly rich year for the Port's Capital Budget.

personnel costs. As a result, the Port may continue to see expenditure savings in the coming years.

Trading off Repair and Replacement Capital Funds for the AC34 and Cruise Terminal projects

To deliver major waterfront improvements that prepare the Port facilities for the America's Cup events and provide for the long lasting legacy of a new Cruise Terminal at Pier 27, the Port redirected funds from the FY 2012/13 and FY 2013/14 capital and operating budgets to support new AC34 and Cruise Terminal project demands that would have otherwise been allocated for the repair and replacement capital budget. This shift of resources impacted future revenue by redirecting funds from the Backlands project, which would have offered additional income security upon project completion in FY 2013/14. Additionally, while the new Capital Policy is designed to force tradeoffs in the Operating Budget in order to support the Capital Budget, \$2.9 million in FY 2012/13 and \$3.4 million in FY 2013/14 of operating surplus that was originally designated for future capital spending was used to offset additional COP payments, one-time operating expenses and lost revenue from the delay in the Backlands project. While the Port is ultimately making more headway with delivering major waterfront improvements by issuing COPs to finance \$34.6 million in project proceeds, there is now less capital funding available in future years.

Budget reductions or revenue enhancements required to meeting minimum capital allocation in FY 2014-15 – FY 2016-17

Impact of the Capital Policy on the Operating Budget (Risk) – While the new Capital Policy is a valuable tool for prioritizing capital investments, operating expenditure reductions are required in fiscal years 2014/15, 2015/16 and 2017/18 ranging from \$192K to \$2.8 million in order to meet the policy requirements. It is not currently clear how the Port will meet these reductions or what the impacts will be on Port operations. Ongoing operating reductions of this magnitude are difficult to sustain because the Port has not grown in relation to its new obligations and has significant demands for more resources. Port staff will focus on other areas in the expense budget to find options that do not strongly impact Port operations. Port staff also must aggressively pursue revenue opportunities to solve for this projected budget deficit.

Potential Revenue (Opportunity) – There are potential revenue sources that staff did not include in the Financial Plan because the projects are not fully defined and/or financing is not in place. However, investing in development projects could net \$3.8 million in FY 2016-17. This potential revenue enhancement would eliminate the need for Operating Budget reductions and achieve the 25 percent target for capital in the final year of the forecast period, as shown in Figure 6 below. Achieving this requires careful selection of Port investment and seamless project implementation. Examples of revenue enhancing development projects are:

1. *Seawall Lot 337* – Port staff and the Office of Economic and Workforce Development are currently in discussions with the Giants about a development proposal for SWL 337. Staff anticipates that this development will result in continued positive improvements to the Port's balance sheet.
2. *Pier 38 Re-tenanting* – Port staff is beginning to move forward with plans to improve the pier for new tenants. A recent Engineering Division study identified potential revenues ranging from \$380k to \$1.2 million depending upon the level of investment made by the Port into the infrastructure.¹³
3. *Southern Waterfront Backlands Development* – Port staff recommended, and the Commission approved, a temporary de-funding of the Backlands Project at Piers 94-96 for the purpose of funding Piers 30-32 improvements. Port staff will finance the Backlands project, either in 2014, or with tenant improvements. The site will serve as laydown space, allowing for up to \$1.9 million per year.¹⁴

Careful selection and implementation of 2014 Revenue Debt projects required to avoid substantial operating reductions and achieve capital allocation target

The planned issuance of COPs in 2012 is a critical step for financing Waterfront development related to AC34 and Phase I of the Cruise Terminal project; however, as demonstrated in the table above, the issuance of revenue bonds in 2014 is critical for investing in revenue generating development projects such as the three projects listed above. Additionally, staff is currently assuming that Phase II of the Pier 27 Cruise Terminal project is going to be supported by \$7.25 million in debt proceeds, which will be repaid by cruise passengers in the form of a passenger facility charge (PFC) that would be added to the regular cruise tariffs.¹⁵ While the Port has the bonding capacity to move forward with a 2014 revenue bond issuance, the current Financial Plan does not include the \$1.8 million in additional debt service that the Operating Budget would need to absorb, net of the PFC. As a result, the benefits reaped from issuing the bonds needs to be weighed against the operating impacts that such an additional cost would have on the Operating Budget. Careful selection and implementation of 2014 revenue bond financed projects is required to avoid substantial operating reduction and achieve appropriate levels of capital investment.

¹³ See staff report, "Informational Update on Engineering Investigation to Bring Pier 38 into Code Compliance," dated January 13, 2012, Item 10A.

¹⁴ The Pier 90-94 backlands is a 47 acre expanse of largely undeveloped land with uneven terrain located near the water's edge between Amador and Cesar Chavez Streets. Planned improvements include new roads, utilities, and storm water management systems that will allow the Port to sub-divide the land into parcels that can be leased to tenants.

¹⁵ Port staff is currently assessing the appropriate size of the PFC (between \$3.60 and \$6.00) and the associated term of repayment (between 30 and 10 years). Assuming 161,000 passengers per year, approximately \$580,000 in will offset debt service.

Figure 6: Potential Revenue Changes from Development Initiatives

	FY14-15	FY15-16	FY16-17
<u>CURRENT PROJECTION</u>			
Sources, Total	102,359,686	105,905,705	105,968,728
Uses, Projected	103,377,303)	106,097,529	108,743,008
<u>Required Reduction to Meet Capital Policy</u>	<u>(1,017,617)</u>	<u>(191,824)</u>	<u>(2,774,280)</u>
<i>Uses, Total</i>	102,359,686	105,905,705	105,968,728
<u>POTENTIAL ADJUSTMENTS</u>			
Sources, Potential:	<u>975,375</u>	<u>3,565,610</u>	<u>6,226,579</u>
<i>Seawall Lot 337 Development Project</i>	<i>395,375</i>	<i>1,160,610</i>	<i>3,160,579</i>
<i>Pier 38 Re-Tenancing (high assumption)¹⁶</i>	<i>0</i>	<i>1,200,000</i>	<i>1,236,000</i>
<i>Backlands Development</i>	<i>0</i>	<i>625,000</i>	<i>1,250,000</i>
<i>Passenger Facility Charge - Cruise</i>	<i>580,000</i>	<i>580,000</i>	<i>580,000</i>
<u>less, Uses, Debt Service – 2014 Debt Issuance</u>	<u>2,410,716</u>	<u>2,409,363</u>	<u>2,410,613</u>
<u>Net Result of Potential Development Projects</u>	<u>(1,435,341)</u>	<u>1,156,248</u>	<u>3,815,967</u>
<i>Adjusted % of Operating Revenue to Capital</i>	<i>18%</i>	<i>21%</i>	<i>25%</i>

CONCLUSION

Like the previous Financial Plan, the Port's update for FY 2012/13 – 2016/17 reflects growing operating costs and a decline in capital investments. However, the Port now has a policy in place to force tradeoff decisions in the Operating Budget to ensure a minimum level of capital funding. While the Capital Budget in the next two fiscal years appears lean, in reality the Port is investing significantly in the AC34 and Cruise Terminal capital projects. The remaining years in the Financial Plan meet only the minimum Capital Policy requirements, but require tradeoffs with funding in the Operating Budget.

Staff recognizes that the current Financial Plan relies heavily upon strong revenue growth that runs the risk of falling short of projections. It is for that reason that the Port must continue to identify and pursue opportunities for additional revenue generation. While there are a variety of development initiatives that staff may pursue, the focus

¹⁶ While potential revenues range from \$380k to \$1.2 million, this plan reflects the higher assumption to reflect the maximum benefit that development could have on the Port budget.

should be on projects that deepen the Port's revenue base to support both growing operational demands and the critical repair and replacement demand of the Port's waterfront infrastructure.

Prepared by: Elaine Forbes, Deputy Director
Finance and Administration

and

Meghan Wallace, Budget Manager
Finance and Administration

Attachment (1): Port of San Francisco Five-Year Financial Forecast

Port of San Francisco

FIVE YEAR FINANCIAL FORECAST

	Base	CY+1	CY+2	CY+3	CY+4	CY+5	Change from Base
	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	Amount
							%

SOURCES

Estimated Fund Balance	21,673,420	19,547,144	20,380,058	18,692,960	21,018,948	19,457,675	(2,215,745)	-10%
Operating Revenues	68,943,254	74,646,369	76,088,339	83,116,726	84,336,757	85,961,053	17,017,799	25%
Capital Revenues	550,000	550,000	550,000	550,000	550,000	550,000	0	0%
SOURCES, Total	91,166,674	94,743,513	97,018,397	102,359,686	105,905,705	105,968,728	14,802,054	16%

USES

Operating Expenditures	62,710,261	68,626,561	69,533,722	70,727,792	73,592,222	72,909,541	10,199,280	16%
1. Wage Adjustments	20,702,836	22,127,361	22,345,026	22,996,115	23,640,006	24,301,927	3,599,091	17%
2. Benefit Adjustments	9,806,259	10,549,943	11,731,705	12,073,543	12,411,603	12,759,127	2,952,868	30%
3. Non-personnel Inflation, Other	12,974,491	14,288,275	13,361,196	14,006,477	14,586,731	15,072,961	2,098,470	16%
4. Non-personnel Inflation, Workorders	12,227,539	12,316,338	12,385,691	12,987,013	13,420,859	13,796,645	1,569,106	13%
5. Debt Service *	3,850,937	5,995,560	6,289,872	6,162,370	6,095,693	6,011,353	2,160,416	56%
6. Fire Boat Operations, SF Fire Department	3,148,199	3,349,084	3,420,232	3,519,891	3,629,154	3,741,808	593,609	19%
7. Required Reduction to Meet Capital Policy (1)	0	0	0	(1,017,617)	(191,824)	(2,774,280)	(2,774,280)	0%
Facilities Maintenance, Annual Projects	3,602,812	6,019,808	4,498,951	4,246,736	4,378,525	4,514,403	911,591	25%
Operating Reserve, 15%	9,433,484	10,293,984	10,430,058	10,609,169	11,038,833	10,936,431	1,502,947	16%
Operating Surplus Designated to Future Capital (2)	0	0	2,055,666	8,275,988	6,392,426	8,997,884	8,997,884	0%
Capital Investments	15,420,117	9,803,160	10,500,000	8,500,000	10,503,699	8,610,469	(6,809,648)	-44%
USES, Total	91,166,674	94,743,513	97,018,397	102,359,686	105,905,705	105,968,728	14,802,054	16%

PROJECTED BALANCE

(deficit)/ surplus

0%

POTENTIAL ADJUSTMENTS

Sources	0	0	0	975,375	3,565,610	6,226,579	6,226,579	0%
1. Seawall Lot 337 Development Project	0	0	0	395,375	1,160,610	3,160,579	3,160,579	0%
2. Pier 38 Re-Tenancing (high assumption)	0	0	0	0	1,200,000	1,236,000	1,236,000	0%
3. Backlands Development	0	0	0	0	625,000	1,250,000	1,250,000	0%
4. Passenger Facility Charge - Cruise	0	0	0	580,000	580,000	580,000	580,000	0%
Uses	0	0	0	2,410,716	2,409,363	2,410,613	2,410,613	0%
1. Debt Service - 2014 Debt Issuance	0	0	0	2,410,716	2,409,363	2,410,613	2,410,613	0%
(Less) Operating Funding/ Additional Designation to Future Capital	-	-	-	(1,435,341)	1,156,248	3,815,967	3,815,967	0%
Percent of Operating Revenue	22%	13%	17%	18%	21%	25%	25%	0%

(1) Without these reductions, the Port would either a) not meet the Capital Policy requirement or b) show a budget deficit.

(2) These Capital Designations appear as Fund Balance in the following fiscal year.



MEMORANDUM

May 3, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Request Approval of the Port's 10-Year Capital Plan, FY 2013-22

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

On February 23, 2012, Port staff presented an informational report on the Port's proposed 10-year Capital Plan for Fiscal Years 2013-22¹. Since that presentation, as a result to changes in the America's Cup project, staff has made a number of corresponding changes to the Plan. Those changes are identified below. The updated Capital Plan is available upon request to the Port Commission Secretary.

Background

The Port first prepared a 10-Year Capital Plan in 2006 which it has updated and augmented in each year since. In 2005, the Board of Supervisors, in Administrative Code section 3.20 mandated the creation of a citywide 10-year capital plan and the Port's own 10-Year Capital Plan became a part of the City's Plan. Each year, following approval by the Port Commission, the 10-Year Capital Plan is submitted to the City's Capital Planning Committee for inclusion in the City plan. The Capital Planning Committee reviews and recommends the City plan to the City Administrator who in turn submits the plan to the Mayor and the Board of Supervisors.

THIS PRINT COVERS CALENDAR ITEM NO. 10B

¹ The February 23, 2012 staff report may be viewed here:
<http://sfport.com/modules/showdocument.aspx?documentid=3462>.

The 10 Year Capital Plan presented at that time may be viewed here:
<http://sfport.com/modules/showdocument.aspx?documentid=3463>

Last year, in 2011, the City's Capital Planning Committee instituted an amendment to Section 3.20 of the Administrative Code shifting the requirement that the City Administrator submit a 10-Year Capital Plan to the Mayor and Board of Supervisors each year to a requirement that this be done every two years in keeping with the City's biennial budget practices. However, Port staff determined that an annual update was appropriate this year given (1) the new impacts of proposed agreements with the America's Cup Event Authority and (2) the Port's plan to issue additional revenue bonds later this calendar year.

Unlike prior updates to the Port's 10-Year Capital Plan, this Plan comes before the Port Commission for approval at the Departmental level only, and will not formally be brought before the Board of Supervisors or Mayor Edwin Lee.

Overview of Changes to the 2013-22 10-Year Capital Plan from the 2012-21 Plan

While much activity has taken place over the last year, the visible and impactful change for the Port over 2011 has been the progression of the 34th America's Cup project. The current form of the Lease Disposition Agreement ("AC34 LDA") between the City and the America's Cup Event Authority ("Authority") calls for the Port to complete three already planned capital improvements to Port property, consisting of the Pier 27 James R. Herman Cruise Terminal, the Brannan Street Wharf, and demolition of Pier 36. The AC34 LDA requires the Port to rehabilitate a portion of Piers 30-32 and make other pre-Match improvements to Port property. Short-term use of certain Port facilities including Piers 19, 19½, 23, 29 and 29½ provides an opportunity for strategic capital investment in 2012 or 2014, when vacancy may provide a unique window for rehabilitation of one or more of these piers.

In the historic context of development along the waterfront in support of the Port's mission, no capital improvement stands out more than construction of the new cruise terminal at Pier 27. On the eve of the Port's 150th anniversary, this long-envisioned, new bedrock to Port operations identifies San Francisco as a city hospitable to the cruise industry and as a custodian of the public trust, facilitating visitors to our great city.

The FY 2013-22 update of the Port's 10-Year Capital Plan identifies a total need of approximately \$2.2 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities. This is approximately \$38 million greater than the \$2.17 billion identified in the Port's FY 2012-21 update. This increase is largely made up of 1) the 3.5% annual cost escalation used by the City and County of San Francisco (CCSF), which has been incorporated into this Plan, and 2) the inclusion of a new year (FY 2022) in this Plan, where most of the FY 2012 unfunded costs became a part of the Port's backlog, costs for which are largely offset by 3) substantial downward adjustments resulting from revised estimates related to detailed investigation of facilities considered for the America's Cup, which total nearly \$65 million.

A summary of the changes over the last year is as follows:

Changes in Dollars (in millions)

FY 2012-2021 Total	\$2,172.6
3.5% Cost Escalation	76.0
Roll in of Estimated FY 2022 Renewal Costs	31.9
Adjustments (completed work, rev. estimates, technical adjustments)	<u>(70.0)</u>
Total:	\$2,210.5

The Plan proposes \$817 million in funding, approximately \$523.7 million of which is allocated to renewal and repair (accompanied by seismic upgrades, where triggered by other work), reducing the Port's overall need from \$2.2 billion to \$1.7 billion over 10 years. The Plan programs the remaining \$293.3 million to capital enhancement projects. Sources for this financing include:

- \$78 million from Port tenant obligations;
- \$93 million from the Port's annual operating budget;
- \$38 million from revenue bond proceeds;
- \$13.5 million from Certificates of Participation proceeds (AC34 projects);
- \$220 million from development projects;
- \$219 million from Infrastructure Financing District (IFD) bond proceeds;
- \$18.6 million from General Obligation bond proceeds and proceeds of other City debt instruments;
- \$26.2 million from multiple federal agencies including United States Army Corps of Engineers and Department of Defense;
- \$110.7 million from a mixed financing package funding the Pier 27 Cruise Terminal Project; and
- additional sources that may become available through transferable development rights.

Revisions Following February 23, 2012 Staff Presentation

Following staff presentation of the FY 2013-22 10 Year Capital Plan to the Port Commission on February 23, 2012, the structure of the agreement among the Port, City and the Authority changed dramatically. All long term development associated with the Event has been removed. The City and the Authority replaced the proposed Development and Disposition Agreement in favor of the current AC34 LDA. Staff presented these specific changes to the Port Commission on April 24, 2012.

Revisions to the level of funding for the FY 2013-22 10-Year Capital Plan are summarized as follows:

<u>Funding Source (Table in millions)</u>	<u>Original</u>	<u>Revised</u>	<u>Difference</u>
Port Tenant Obligation	\$78.0	\$78.0	-
Port Capital Funds	96.3	93.0	(3.3)
Revenue Bond Proceeds	50.0	38.0	(12.0)
Certificates of Participation	-	13.5	13.5
Development Projects	362.3	220.0	(142.3)
IFD Bond Proceeds	231.5	219	(12.5)
General Obligation Bond Proceeds	18.6	18.6	-
Federal Agency Funding ²	33.7	26.2	(7.5)
P27 Cruise Terminal – Mixed Funding	<u>85.7</u>	<u>110.7</u>	<u>25.0</u>
Total:	\$956.1	\$817.0	(\$139.1)

As reflected in the revised 10 Year Capital Plan, the Authority is no longer a source of development funds. Development of the primary base of operations for the Event, Piers 30-32, and at Piers 26 and 28 has been reduced from a comprehensive \$142.3 million, long-term rehabilitation funded by the Authority to a targeted \$10.4 million partial rehabilitation at Piers 30-32 funded by the Port through a reallocation of Port revenue bond proceeds and proceeds from issuance of Certificates of Participation (COPs) by the City on behalf of the Port. Additional changes include additional use of debt as a result of foregone lost debt capacity that would have resulted from the long-term development contemplated under the Development and Disposition Agreement, as well as a reduction in the expected 8 Washington IFD proceeds flowing to the Port for Port capital needs from \$25 million down to \$12.5 million.

Conclusion

The waterfront has seen a series of transformative events since the Loma Prieta earthquake in 1989: the removal of the Embarcadero Freeway, the Embarcadero Roadway project, the opening of AT&T Ballpark and the world-class Ferry Building rehabilitation project, among others. Port staff is confident that the 34th America's Cup as an event and as a vehicle for moving forward with construction of a new cruise terminal will stand with these other achievements as a major inflection point in the transformation of the San Francisco waterfront, and that the 10-Year Capital Plan will continue to stand as a steady guide through this part of the Port's continuing evolution.

The suite of capital improvements the Port will undertake in preparation for the 34th America's Cup not only further the Port's mission as a public agency in dramatic fashion, but support wider goals of the City and partnering agencies. Among other important improvements, removal of Piers ½ and 64 will continue the process of revealing Bay waters and vistas for users on either side of the shoreline, while

² \$6.3 million in FEMA funds previously listed separately have been moved to the "P27 Cruise Terminal – Mixed Funding" line item. The remaining difference of \$1.2 million represents a reduction estimated qualifying recoverable expenses.

Date	Time	Temp	Wind	Clouds	Rain	Humidity	Remarks
1/1/20	0800	15.0	10	100	0.0	85	Clear
1/1/20	1200	22.0	15	100	0.0	75	Clear
1/1/20	1600	18.0	12	100	0.0	80	Clear
1/1/20	2000	12.0	8	100	0.0	90	Clear
1/2/20	0800	14.0	10	100	0.0	85	Clear
1/2/20	1200	21.0	15	100	0.0	75	Clear
1/2/20	1600	17.0	12	100	0.0	80	Clear
1/2/20	2000	11.0	8	100	0.0	90	Clear

Summary of observations for the period 1/1/20 to 1/2/20. The weather was generally clear with no precipitation recorded. Temperatures ranged from a low of 11.0°C to a high of 22.0°C. Wind speeds were light to moderate, ranging from 8 to 15 km/h. Humidity levels were high, ranging from 75% to 90%. The data suggests a typical winter day with clear skies and light winds.

Additional notes: The observations were taken at a fixed location and time of day. The data is intended for general reference and may not be representative of other locations or times. The weather conditions were stable throughout the period, with no significant changes in temperature or wind speed.

Conclusion: The observations indicate a clear and relatively stable weather pattern. The data is consistent with the expected weather for the time of year and location. The observations provide a useful baseline for future weather monitoring.

simultaneously actuating key elements of Mayor Edwin M. Lee's 17-Point Jobs Plan that look to removal of blight and infrastructure improvement.

Continued success will require new resources and a level of coordination with other City staff not undertaken since the Embarcadero Roadway project. Mayor Lee has repeatedly demonstrated his commitment to the effort and Port staff is excited to be a member of the team that will deliver the 34th America's Cup in 2013.

Port Commission Action

Port staff seeks Port Commission adoption of the proposed 10-Year Capital Plan, FY 2013-22.

Prepared by:

Daley Dunham, Special Projects
Executive Division

For:

Brad Benson, Special Projects Manager
Executive Division

**PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 12-45

- WHEREAS, In 2006, the Port of San Francisco completed a 10-Year Capital Plan that assessed the Port's capital needs including a review of 39 pile-supported pier structures, 80 substructures including marginal wharfs connecting the piers, 245 commercial and industrial buildings, over three miles of streets and sidewalks, as well as elements of the utility infrastructure that supports them; and
- WHEREAS, In 2012, the Port has updated its 10-Year Capital Plan which identifies \$2.17 billion in required repairs and seismic upgrades over the next 10 years; and
- WHEREAS, Of the \$817 million in proposed funding, the Port's 10-Year Capital Plan identifies \$293 million for capital enhancement, with the remaining \$524 million in funding planned for repairs and seismic upgrades over the next 10 years. This funding, from the Port's tenants, development projects, the Port's annual budget, revenue bond proceeds, general obligation bond proceeds, infrastructure financing district bond proceeds, and certificates of participation, will reduce the Port's total repair and replacement needs by \$524 million, reducing the Port's unfunded need from \$2.21 billion to \$1.69 billion in 2021; and
- WHEREAS, The Port will update this 10-Year Capital Plan annually to reflect changes in the condition of the Port's facilities as well as changes in budget and financing assumptions; and, now, therefore, be it
- RESOLVED, That the Port Commission adopts the Port's 10-Year Capital Plan.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of May 8, 2012.

Secretary

Port of San Francisco



10-Year Capital Plan

FY 2013-2022 Update

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I. Executive Summary

All of the piers currently in use by the Port or Port tenants were originally constructed around 100 years ago. Of those, only nine have been rehabilitated since 1950, including AT&T Ballpark, the Ferry Building, Pier 1, Piers 1½, 3 & 5, Pier 27, Pier 39, Pier 45, Pier 48, and Pier 80, with a tenth rehabilitation currently underway at Piers 15-17. At least one additional pier, Pier 30-32, will be rehabilitated over the next few years as a result of the 34th America's Cup coming to San Francisco. Most of the buildings atop the Port's piers are 40 to 100 years old, making many of them historically significant structures. In recognition of this significance, the National Park Service designated the northeast waterfront, from Pier 45 in the north to Pier 48, as the Embarcadero Historic District on the National Register of Historic Places. This district includes 20 historic piers as well as eight other structures of historic significance. The Pier 70 area also includes 35 buildings and many other features recognized to be of historical significance. The Port is working with the State Office of Historic Preservation to list Pier 70 on the National Register of Historic Places, anticipating this action in 2012.

While much activity has taken place over the last year, the visible and impactful change for the Port over 2011 has been the progression of the development of the 34th America's Cup project. The current form of the Lease Disposition Agreement ("AC 34 LDA") calls for the Port to complete three already planned capital improvements to Port property, consisting of the Pier 27 James R. Herman Cruise Terminal, the Brannan Street Wharf, and demolition of Pier 36. The AC34 LDA requires the Port to rehabilitate portions of Piers 30-32 and make other improvements to Port property prior to occupancy by the Event Authority. Additionally, short-term use of certain Port facilities including Piers 19, 19½, 23, 29 and 29½ provides an opportunity for strategic capital investment in 2012 or 2014, when vacancy may provide a unique window for rehabilitation of one or more of these piers (see 34th America's Cup, Section V).

In the historic context of development along the waterfront in support of the Port's mission, no capital improvement stands out more than construction of the new cruise terminal at Pier 27. On the eve of the Port's 150th anniversary, this long-envisioned, new bedrock to Port operations identifies San Francisco as a city hospitable to the cruise industry and as a custodian of the public trust, facilitating visitors to our great city.

Other elements of this plan that distinguish it from prior plans include planning for Port-financed, targeted repurposing of facilities following the conclusion of the 34th America's Cup, exploration of transferable development rights as a new finance tool, and major cost adjustments driven by revised estimates for facilities evaluated for use by the America's Cup Event Authority. This plan also reflects escalation of study of the San Francisco seawall as a priority for the City and the Port, and progression of the Port's strategic goal of creating a robust export terminal at Pier 96, which would bring significant new capital investment in Pier 96 and produce substantial new maritime revenues.

The FY 2013-22 update of the Port's 10-Year Capital Plan identifies a total need of approximately \$2.2 billion, primarily for deferred maintenance and seismic upgrade work

required on Port facilities. This is approximately \$38 million greater than the \$2.17 billion identified in the Port's FY 2012-21 update. This increase is largely made up of 1) the 3.5% annual cost escalation used by the City and County of San Francisco (CCSF), which has been incorporated into this Plan, and 2) the inclusion of a new year (FY 2022) in this Plan, where most of the FY 2012 unfunded costs became a part of the Port's backlog, costs which are largely offset by 3) substantial downward adjustments resulting from revised estimates related to detailed investigation of potential America's Cup facilities, which total nearly \$65 million. The remaining difference is a result of the removal of completed projects and many small adjustments to cost estimates over the past year, many of which are offsetting. Apart from those costs noted above, other substantial adjustments include a revision upward of ongoing dredging costs by approximately \$16 million over 10 years, a very significant adjustment, given that this item is funded from the Port's very limited capital fund. Detailed discussion of the Port's 10-year capital need follows in Section IV of this plan.

A summary of the changes over the last year is as follows:

Changes in Dollars (in millions)

FY 2012-2021 Total	\$2,172.6
3.5% Cost Escalation	76.0
Roll in of Estimated FY 2022 Renewal Costs	31.9
Adjustments (completed work, revised estimates, technical adjustments)	<u>(70.0)</u>
Total:	\$2,210.5

Broken down by Port region, capital need increased across the Port as follows:

Table 1: Change in Capital Need, by Region (in millions)

<u>Port Region</u>	<u>FY12-21 Total</u>	<u>FY13-22 Total</u>	<u>Difference</u>	<u>Increase</u>
Fisherman's Wharf	\$115.9	\$118.4	\$2.5	2.1%
Northeast Waterfront	406.3	379.1	(27.2)	(7.2)%
Ferry Building Area	96.0	99.6	3.6	3.6%
South Beach	329.5	314.1	(15.3)	(4.7)%
China Basin	143.0	144.3	1.3	0.9%
Southern Waterfront	664.8	687.6	22.9	3.3%
Portwide	<u>417.2</u>	<u>467.4</u>	<u>50.2</u>	<u>10.7%</u>
	\$2,172.7	\$2,210.5	\$37.8	1.7%

Of the \$2.2 billion in total need, the Plan of Finance included in this Plan identifies \$817 million in funding over the next ten years. Sources for this financing include:

- \$78 million from Port tenant obligations;
- \$93 million from the Port's annual operating budget;
- \$38 million from revenue bond proceeds;
- \$13.5 million in Certificates of Participation (AC34 Projects);
- \$220 million from development projects;

- \$219 million from Infrastructure Financing District¹ (IFD) bond proceeds;
- \$18.6 million from General Obligation bond proceeds and proceeds of other City debt instruments;
- \$26.2 million from multiple federal agencies including United States Army Corps of Engineers and Department of Defense;
- \$110.7 million from a mixed financing package funding the Pier 27 Cruise Terminal; and
- additional sources that may become available through transferable development rights.

The largest element of the Port's Plan is the rehabilitation and redevelopment of the heavily blighted Pier 70 area, with an estimated need of approximately \$670 million for that area. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of open space park areas near the water's edge. More detailed information regarding the Pier 70 area may be found on the Port's website at www.sfport.com/pier70.

One of the largest aspects of the Port's plan of finance, private development partners, remains sensitive to the state of the real estate market. The FY 2013-22 Capital Plan reflects the continued uncertainty of the current market. Specifically, while Port staff assumes that revenues and tax increment arising from development of SWL 337 will likely be realized before 2022, the Plan no longer assigns the projected tax increment and revenue debt proceeds arising from this development to specific uses because it is uncertain whether these proceeds will occur within the next five years.

As the Port endeavors to deliver facilities for the 34th America's Cup, in particular, the new cruise terminal at Pier 27, the Under Pier Utility Infrastructure Program, as well as projects funded by revenue bond and general obligation bond proceeds over the next five years of the Plan, the Port must simultaneously plan to pivot quickly to repurpose short-term venues that are used for the 34th America's Cup, including Piers 19, 19 ½, 23 and 29. Where the vacation of pier facilities for the 34th America's Cup creates a temporary loss of rent revenues to the Port—a loss subsidized by the general fund under an agreement approved by the Board of Supervisors—the Port must be prepared for the expiration of that subsidy soon after the Match is over. This challenge also represents an opportunity for the Port to explore new methods of increasing returns to the Harbor Fund from new uses and/or development of the piers.

¹ IFDs function in a manner similar to redevelopment, by allowing local jurisdictions to establish a geographical district within which all growth in property and possessory interest tax above an established base year (typically referred to as "tax increment") can be pledged to service debt on bonds issued to fund capital improvements of communitywide significance. Note that although this mechanism uses property tax increment, it does not rely on a redevelopment agency structure and is not impacted by the recent elimination of redevelopment agencies in California.

On April 14, 2011, Standard & Poor's (S&P) published its review of the Port's credit rating, affirming an "A- long term rating." According to S&P, "...debt service coverage was strong in fiscal 2010, at 2.15x, down only slightly from 2.25x in fiscal 2009." Recovery from short-term revenue loss will be key to the Port's future ratings, as S&P observes that "...planned bond issuances will likely reduce debt service coverage," adding the proviso "however, the port manages its budget such that it maintains 2x coverage." With this plan, the Port looks to invest in capital in ways that not only provide good stewardship of valuable and historic assets, but that also maintain and increase revenues. The strategies described herein will further strengthen the Port's balance sheet in preparation for major projects at SWL 337 and Pier 70 that will require the Port to take on substantial new debt envisioned by the Capital Plan.

II. Summary of Changes

As with the FY 2012-21 Plan, this plan contains thematic as well as substantive departures from prior iterations. Substantive revisions are explained throughout. Thematic revisions include changes to the order of magnitude of reporting as well as a new section, Plan Context.

Shift from "in Thousands" to "in Millions"

As noted above, the FY 2013-22 Plan reports high level numbers in millions instead of thousands. After internal review, staff considered this a conservative change, ensuring that this document does not present a misleading sense of precision with regard to estimates generated for long-term capital planning purposes. This order of magnitude of analysis is consistent with that employed for the 34th America's Cup Project, and will be nominal for this Plan moving forward.

Annual Revision of 10-Year Need

The FY 2013-22 update of the Port's 10-Year Capital Plan identifies a total need of approximately \$2.2 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities. This is approximately \$38 million greater than the approximately \$2.17 billion identified in the Port's FY 2012-21 update.

This increase is largely made up of:

1. the 3.5% annual cost escalation used by the City and County of San Francisco (CCSF), which has been incorporated into this Plan;
2. the inclusion of a new year (FY 2022) in this Plan, where most of the FY 2012 unfunded costs became a part of the Port's backlog; and
3. substantial downward adjustments resulting from revised estimates related to detailed investigation of potential America's Cup facilities, which total nearly \$75 million.

The remaining difference is a result of the removal of completed projects and many small adjustments to cost estimates over the past year, many of which are offsetting. Apart from those costs noted above, other substantial adjustments include a revision upward of ongoing dredging costs by approximately \$16 million over 10 years, a very significant adjustment, given that this item is funded directly from the Port's very limited annual capital fund.

A summary of the changes over the last year is as follows:

Changes in Dollars (in millions)

FY 2012-2021 Total	\$2,172.6
3.5% Cost Escalation	76.0
Roll in of Estimated FY 2022 Renewal Costs	31.9
Adjustments (completed work, revised estimates, technical adjustments)	(70.0)
Total:	\$2,210.5

Broken down by Port region, capital need increased across the Port as follows:

Table 1: Change in Capital Need, by Region (in millions)

<u>Port Region</u>	<u>FY12-21 Total</u>	<u>FY13-22 Total</u>	<u>Difference</u>	<u>Increase</u>
Fisherman's Wharf	\$115.9	\$118.4	\$2.5	2.1%
Northeast Waterfront	406.3	379.1	(27.2)	(7.2)%
Ferry Building Area	96.0	99.6	3.6	3.6%
South Beach	329.5	314.1	(15.3)	(4.7)%
China Basin	143.0	144.3	1.3	0.9%
Southern Waterfront	664.8	687.6	22.9	3.3%
Portwide	<u>417.2</u>	<u>467.4</u>	<u>50.2</u>	<u>10.7%</u>
	\$2,172.7	\$2,210.5	\$37.8	1.7%

The reduction in estimated need for the Northeast Waterfront and South Beach by 7.2 and 4.7 percent, respectively, are both attributable to changes to project cost estimates triggered by additional structural review associated with the 34th America's Cup as more fully discussed below. While the relatively minor changes in the Fisherman's Wharf, Ferry Building Area, China Basin and the Southern Waterfront are all a result of small offsetting adjustments, the substantial 10.7% change to the Portwide category is largely a result of foregone investment in substructure maintenance as well as increases in dredging costs, detailed below.

Northeast Waterfront

The capital plan need in the Northern Waterfront region declined by \$27.2 million or 7.2%. The arrival of the 34th America's Cup necessitated Port staff revisiting estimates and assumptions made under prior development considerations. Together with a new certainty of understanding of intended use of Piers 27 and 29, this review allowed for removal of seismic need altogether. Port engineering staff, together with outside engineering support, determined that both Pier 27 and Pier 29 are in good seismic

condition, and that use as a cruise terminal is code-consistent. The seismic costs carried in the Port's capital database assumed office use (as per the development plans drafted by Shorenstein Properties LLC), with assumed seismic upgrades of \$23 million at Pier 27 and \$17.5 million at Pier 29. More recent seismic analysis associated with the James R. Herman Cruise Terminal project has demonstrated that the Piers 27-29 substructure meets code requirements, even assuming a change in occupancy for the piers. Given the seismic condition of the Piers 27-29 substructure, these costs have been removed. Likewise, costs associated with the rehabilitation of the Pier 27 shed have been removed, replaced with a one-time demolition cost, for a net reduction of \$5.7 million.

South Beach

In the Port's South Beach region, overall need has decreased by \$15.3 million or 4.7 percent largely as a result of revised downward estimates for seismic projects at Piers 26 (net reduction, \$18 million) and Pier 28 (\$7.9 million). Again, the more detailed review of these facilities and resulting revisions to seismic need estimates resulted from these piers being considered as a part of the 34th America's Cup.

Portwide Projects

For purposes of this Plan, the Port treats piers and wharves collectively as infrastructure. The treatment of these structures then, as a group, is similar to how a city would treat a system of utility mains. Instead of maintaining each piece of the system individually, an amount of funding is programmed each year to repair or replace elements that become damaged by external events, as well as elements that become the weakest part of the overall system. This is in part because infrastructure elements, unlike building subsystems (electrical systems, HVAC systems) are not mechanical in nature, and thus have a much longer lifespan. In addition, because of these long life spans, differential wear-and-tear of the Port's substructure elements is difficult to predict.

As the Port was not able to commit any capital funds to pier and wharf substructure renewal over the past year, the schedule this year reflects movement of \$20 million into the FY 2012 backlog for this cost. Until such time as the Port is in a position to commit funding to this line item, that backlog will continue to grow in successive years. This movement of the FY 2012 foregone capital expenditure into backlog, as well as increases to dredging costs by \$16 million and other technical adjustments account for the increase to the Portwide cost center listed above by 10.7 percent.

The San Francisco Seawall and Marginal Wharf

Current Flood Risk

Since 2007, Port staff has been working with the Mayor's Office and the Office of the City Administrator and various state and federal agencies, including the Federal Emergency Management Agency (FEMA), to examine current flood risk along the Port's jurisdiction. Port staff briefed the Port Commission on June 10, 2008 regarding FEMA's

efforts to map flood risk in jurisdictions along San Francisco Bay² and the implications of the City's entry to the National Flood Insurance Program on future Port development. On July 29, 2008, the Board of Supervisors adopted Resolution 352-08³ authorizing the City Administrator to join the National Flood Insurance Program.

Sea Level Rise

In addition to current flood risk, the State of California is examining the ramifications of climate change, including sea level rise. In an effort coordinated by the Mayor's Office in 2010-11, Port staff participated in a public policy discussion led by the San Francisco Bay Conservation and Development Commission to examine the impacts of sea level rise on shoreline development around San Francisco Bay. On October 6, 2011, the San Francisco Bay Conservation and Development Commission amended the San Francisco Bay Plan to "update its 22-year-old sea level rise findings and to add a new section dealing more broadly with climate change and adapting to sea level rise"⁴.

The California State Lands Commission has also encouraged trustees of public trust lands such as the Port to develop sea level rise action plans. In response to these federal and state efforts, the Port's Engineering Division undertook its own study of sea level rise in order to examine potential future flood risk on Port property. The Port's contractor on this project is a joint venture of URS/AGS.

The purpose of the URS/AGS study was to provide an estimate of the sea level rise as it relates to that part of the San Francisco bay shoreline managed by the Port of San Francisco from Mission Bay north to Fisherman's Wharf⁵. In addition the URS/AGS team was also asked to determine the extent of shoreline inundation associated with SLR and provide mitigating/adaptation alternatives along with associated costs. The study results will provide guidance to the Port, Port tenants and potential developers for long term management of the Port's infrastructure assets.

² The Port Commission staff report for the June 10, 2008 meeting can be found at:

- <http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2008/Item%207b%20National%20Flood%20Insurance%20Program.pdf>
- <http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2008/Item%207b%20Appendix%20B%20NFIP%20Map.pdf>
- <http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2008/Item%207b%20Appendix%20B%20NFIP%20Map.pdf>

³ <http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions08/r0352-08.pdf>

⁴ http://www.bcdc.ca.gov/proposed_bay_plan/faqs.shtml

⁵ Port staff proposes to extend the study area to the Port's Southern Waterfront, first in the context of Pier 70 development and at Pier 80 and Piers 92-96 as maritime operations necessitate this analysis.

The URS/AGS report studied the possible rise in the sea level for two time periods: (1) 2000-2050 and (2) 2000-2100. The report is based on review of existing available historical records and global warming studies done by various international, national, state and regional agencies, including the latest scientific developments and also are being adopted as sea level rise guidance by the State of California. The report concluded that based on historical data and research literature:

- Between 2000 and 2050, the sea level rise is expected to rise between 10-17 inches
- Between 2000 and 2100, the sea level rise is expected to rise between 31-69 inches.

The study identified the following areas of concern associated with current flood risk conditions:

1. End of Pier 45 between Sheds A and B
2. Embarcadero Promenade-Between Pier 14 and Agriculture Building to Pier 22 ½
3. Mission Creek Outfall Structure

The study identified the following additional areas of concern by year 2050:

1. Pier 5
2. Embarcadero Promenade-From Agriculture Building to Pier 22 ½
3. Pier 52 Boat Launch

The study identifies the entire San Francisco waterfront as at risk to inundation from sea level rise by 2100. The URS/AGS team is currently developing several mitigation/adaptation alternatives to address various areas of concern. Addressing areas of concern associated with SLR by 2050 are simpler and involve construction of short concrete walls at low water entry points. However, addressing inundation caused by SLR by 2100 is extremely complex and costly.

Condition of the San Francisco Seawall

The seawall and the adjoining marginal wharf are the City's primary flood control structures along the Bay waterfront.

According to the Port's Embarcadero Historic District National Register nomination, the Port's seawall, constructed atop a rock dyke, is made of concrete panels and wood logs, supported by concrete or wooden piles in most places. It defines San Francisco's waterfront for over four miles, curving along a line from the foot of Jones Street on the north to the mouth of China Basin on the east, and for an additional 500 feet south of China Basin. The rock dyke was originally built in a trench 20 feet deep and 100 feet wide; its embankment rises almost 40 feet to a 10 foot wide flat top. The seawall was

constructed in segments from 1876 to 1929 and has been repaired over the years to maintain its original function.

These structures continue to function as originally designed, providing substantial flood protection to the waterfront and the City's downtown and adjacent neighborhoods. However, recent and planned Port construction projects, including the Pier 43 ½ Bay Trail Project and the Brannan Street Wharf Project, have uncovered aged and damaged elements of the Port's seawall and the marginal wharf. While these projects are implementing capital upgrades to address these deficiencies, a site specific, project-by-project approach does not provide a holistic approach to assessing the seawall and marginal wharf.

Based on these conditions, coupled with current flood risk analysis and projections of sea level rise, the Port staff has begun the process of consulting with the City Administrator's Capital Planning Committee, the Mayor's Office and the Board of Supervisors regarding a long-range analysis of the condition of the Port's seawall and marginal wharf, their capacity to withstand seismic events, and how these structures and the Port's finger piers should be improved to withstand future flood risk.

Funding long-range improvements to the City's seawall and marginal wharf will require a coordinated local, state and federal strategy. This FY 2013-22 Capital Plan anticipates a need to initiate this effort with a federal request to the U.S. Army Corps of Engineers to study the City's seawall and marginal wharf. Such federal studies are an important first step to determining the federal interest in funding flood control projects through the Water Resources Development Act.

Development of a New Export Terminal at Pier 96

This plan reflects significant movement forward in the Port's strategic goal of developing a new export terminal –movement of iron ore being the current target product—through a facility at the Southern Waterfront's Pier 96. In 2011, the Federal Railroad Administration (FRA) awarded the Port a \$3 million grant for signaling and track upgrades to the Quint Street Lead, a one-mile stretch of track that connects the Caltrain main line to the Port of San Francisco Rail Yard on Cargo Way. While this piece of track is a physical, literal gateway to any facility developed at Pier 96, it is also a gateway in a larger, strategic sense. The key player in any new export of cargo through Pier 96 will be Union Pacific Railroad. Port staff has been in conversations with Union Pacific, which has agreed to provide a standard of rehabilitation for the Quint Street Lead that would allow Union Pacific to commit to movement of the type and volume of freight that would make for a viable export terminal at Pier 96. This engagement with Union Pacific and their commitment to standards necessary for them to move cargo represents significant progress toward the Port's strategic goal of increasing exports.

Leveraging this FRA award further, Port staff continues to explore other sources of federal funding appropriate for development of the new terminal at Pier 96, including the Department of Transportation's Transportation Infrastructure Generating Economic

Recovery or TIGER grants. The Port's Quint Street Lead project was FRA's top ranked project, nation-wide, and Port staff hopes to leverage this status to realize additional project funding.

The 34th America's Cup

On December 31, 2010, the City executed the Host and Venue Agreement ("HVA") with the America's Cup Event Authority, LLC, ("Event Authority") the entity charged with planning for and executing the 34th America's Cup on San Francisco Bay in 2013, and the America's Cup Organizing Committee ("ACOC"), a local non-profit charged with raising funds to offset City costs of hosting the Event.

On December 15, 2011, the San Francisco Planning Commission certified the Final Environmental Impact Report for the 34th America's Cup and James R. Herman Cruise Terminal and Northeast Wharf Plaza ("AC34 and Pier 27 FEIR"), and the Board of Supervisors upheld the certification of the AC34 and Pier 27 FEIR at an appeal hearing on January 24, 2012.

On December 16, 2011, the Port Commission approved the proposed Disposition and Development Agreement ("AC34 DDA") between the Port and the Event Authority. Before the Board of Supervisors could adopt the AC34 DDA, on February 27, 2012 Mayor Edwin M. Lee and Mr. Stephen Barclay, CEO of the Authority, announced a revised plan to deliver the Event in 2012 and 2013. The revised plan substantially reduced the scope of improvements planned to ready the waterfront for the Event, and eliminated the transaction structure under which the Port would grant the Authority long-term development rights at Port venues to repay the Authority for substantial capital investments in Port property. Instead, the Port became responsible for all needed capital improvements to Port property.

On March 27, 2012, the Board of Supervisors adopted CEQA Findings, including a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program, and conditionally authorized the Port Executive Director to execute a Lease Disposition Agreement (AC34 LDA), which was subsequently approved by the Port Commission on April 24, 2012.

Last year's FY 2012-21 10 Year Capital Plan projected capital costs associated with 34th America's Cup pre-Match improvements to Port property at \$47 million for upgrades to Piers 30-32 and \$7.5 million for work including Pier 27 shed demolition and relocation of Pier 27 shore power, totaling \$55 million before the Match in 2013. Further site inspection and development of 100% designs for Piers 30-32 has yielded a significantly higher estimated capital cost to rehabilitate these piers.

As reflected in the revised AC34 LDA, the Event Authority is no longer a source of development funds. Development of the primary base of operations for the Event, Piers 30-32, and at Piers 26 and 28 has been reduced from a comprehensive \$142.3 million, long-term rehabilitation funded by the Authority to a targeted \$10.4 million partial rehabilitation at Piers 30-32 funded by the Port through a reallocation of Port revenue bond proceeds and proceeds from issuance of

Certificates of Participation (COPs) by the City on behalf of the Port. The Port will also undertake improvements at Pier ½ (removal), Pier 19 (south apron repair), Pier 23 (handrail and transformer), Pier 29 (pile repairs), Pier 64 (removal) and dredging at Piers 32-36 and at other sites required for AC34, funded by COPs and Port Capital reprogramming. These projects total \$8.4 million in work delivered and funded by the Port in FY 2012-13 that the Event Authority would have undertaken using private funding.

To facilitate this funding strategy, Port staff proposed revisions to the proposed 2013-22 Capital Plan by way of the AC34 LDA, which was approved by the Port Commission on April 24, 2012. The revised plan of finance is: (i) to use available unspent tax exempt proceeds from the 2010 Series A Revenue Bonds (which is primarily from the Pier 35 project) prior to issuance of new tax-exempt financing, (ii) to utilize unspent taxable proceeds from the 2010 Series B Revenue Bonds allocated for the Backlands project and reallocate it to the Piers 30-32 project which is a more immediate need, (iii) to fund demolition and dredging costs with a reallocation of operating capital sources, and (iv) to finance the remainder of the projects which have benefits that will accrue from between 20 and 30 years with proceeds of the COPs.

The impacts of this strategy to the 2013-22 Capital Plan are as follows:

- The Pier 35 Substructure project is on-hold until a financing plan to replenish the amount reallocated (\$1.1M) and finance the entire project cost is developed;
- The Piers 94-96 Backlands project to construct improvements to expand the Port's Eco-Industrial park for leasing activity is on-hold until the next debt issuance which is planned for FY 2013-14, or another plan of finance is identified (reallocation of \$7.9M); and
- The Amador Street forced sewer main project (\$945K reallocated) and the Crane Cove Painting project (\$500K reallocated) are on-hold until a complete plan of finance is identified.

The other sources are a result of staff reviewing all open capital projects to identify balances that are no longer needed. The reallocation from the proposed FY 2012-13 budget in the amount of \$2.1 million reduces funds for the leasing improvement and elevator and escalator programs, and allocates \$1.5 million proposed for the Cruise Terminal project in the Port's capital budget early.

Port Debt Capacity

In February 2010, the Port issued \$36.7 million in Revenue Bonds in two series - a non-AMT tax-exempt series (Series 2010A) and a taxable series (Series 2010B). The capital projects receiving funding from these bond proceeds include the Pier 27 cruise terminal project, Piers 90-96 backlands, design work for Piers 19-23, Piers 33 and 35, Pier 19 roof replacements, and the Pier 50 valley. When the bonds were sold, the Port prepared five-year projections of its net revenues and debt service, which included the assumption that the Port would be issuing approximately \$59.5 million in additional debt within that five

year period (2010-2015). These projections were based on: (1) \$10 million in net annual revenues, (2) an assumption that all future debt would be tax-exempt and (3) the addition of new revenue sources. The total debt capacity assumed was \$68.8 million.

Annual net revenue of the Port over the past five years has averaged \$13 million. The revised AC34 transaction, whereby the Port retains certain revenue generating assets in return for financing required infrastructure costs, has resulted in a modest rise in the Port's net revenue projections. As such, the Port's estimated debt capacity has risen to \$74 million⁶, prior to financing the Port's AC34 obligations. Port staff currently anticipates that \$38.5 million of such capacity will be allocated to the proposed COP issuance discussed above. An additional \$29.5 million is anticipated to be allocated to Port revenue bond issuance in fiscal year 2014 to fund long-planned revenue generating projects and a portion of the Phase 2 Cruise Terminal costs. Remaining, unprogrammed debt capacity is anticipated to be \$8.5 million.⁷

Notes on Seismic Cost Estimation

Since the publication of the Port's first capital Plan in 2006, the Port has maintained a policy decision to assume a need for seismic repair that exceeds code-driven requirements. In consideration of the fact that many of the Port's structures are 100 years old, the Port's original Plan adopted a standard that all properties should be maintained to reasonably modern seismic standards, as if they were originally constructed within the last few decades.

To conform to City convention, last year's Capital Plan instituted a policy of only program funding for seismic work where a change of use or major rehabilitation is taking place, consistent with building code requirements. The Port still estimates seismic upgrade costs for all of its unimproved facilities as part of its assessment of Portwide need. Over the next 10 years, that need totals over \$500 million⁸.

Allocation Strategy for Port Capital Funds

Last year's Capital Plan instituted a policy of programming capital resources to the bi-annual capital budgets and the 10-Year Capital Plan in a unified process for the first time.

The process involves a series of meetings with designated representatives from each of the Port's seven Divisions – the Capital Projects Working Group (“CP Group”). The CP Group developed the Port's evaluation criteria for capital projects, and weighting for each criterion. Annually, the CP Group allocates a total score to each capital project proposed by Port staff.

⁶ Assumed annual net revenues of \$17 million, annual interest rate expense of 6% and debt service coverage of 2x.

⁷ Ditto.

⁸ This number excludes Pier 70, where the costs for seismic work are rolled into “full rehabilitation” estimates, where seismic-only costs cannot be separated out.

These first set of “evaluation” criteria address public safety concerns and conformance with the Port’s mission, as set out in the Burton Act and Transfer Agreement of 1969 and are scored as follows:

<u>Review Criterion</u>	<u>Maximum Score</u>
Does the project address a code or regulatory issue?	20
Does the project significantly reduce liability to the Port?	15
Does the project promote maritime commerce, navigation or fisheries?	10
Does the project attract people to the waterfront?	10
Does the project protect natural or cultural resources?	15

The review process also employs two complimentary ways of scoring capital projects that would bring in additional revenue and/or reduce operating costs, the first intended to capture the efficiency of the investment, the second, the scale of the financial impact:

What is the payback period, if 10 years or less?	10
What is the total 10-year financial benefit to the Port?	20

Where a project would pay for itself in 10 years, that project was scored by subtracting the payback period, in years, from 11. For example, a project with a payback period of three years would score 8 points in this category.

To determine the score assigned for the 10-year financial benefit, the CP Group took the real benefits, as recorded in dollars, and then considered the distribution of all the values returned for projects at the end of the review process. The results were a rather even distribution, which made appropriate a simple method of scaling, where a project received 1 point for every \$500,000 worth of benefit within the 10-year Plan. For example, a \$4 million project that would generate \$1 million per year in new revenues would score 12 points in this category $[(\$10 \text{ million} - \$4 \text{ million}) / \$500,000]$.

Finally, Port staff reviewed all projects to determine if they fell into one or more of the four major categories listed below. The CP Group determined that a project belonging to one of these groups was worthy of separate consideration either before or after other projects, depending on the category.

Prioritization Category

- Is the project required to address an emergency, defined as an immediate threat to human health or the environment?
- Is the project legally mandated by a regulatory order or legal judgment?
- Is the project substantially matched by outside funding sources?

De-prioritization Category

- Is the project non-revenue generating and does it have less than 25% in outside matching funds?

In the process of applying these scoring criteria for the FY 2013-22 10-Year Capital Plan, Port staff observed a need to further prioritize revenue generating projects. As described above, current criteria prioritize capital projects with a demonstrable ten year financial benefit and with a payback period of less than ten years, but this weighting is balanced by criteria that emphasize code compliance and risk management, as well as other aspects of the Port's mission. Further emphasizing revenue generation would represent a policy shift that requires further consultation with the Port Commission, the Capital Planning Committee and the Mayor and the Board of Supervisors.

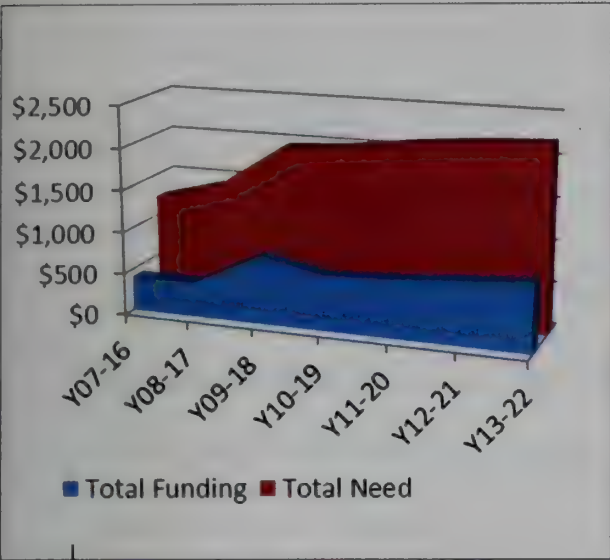
In the preparation for next year's plan (FY 2014-23), Port staff will consult with the Port Commission about the trade-offs inherent in such a shift in scoring weight. In short, with the arrival of the 34th America's Cup and the need to assume new debt to fund infrastructure associated with large-scale development at Seawall Lot 337 and Pier 70, the Port needs to focus on growing its revenues and strengthening its balance sheet. This may necessitate a reduction in future funding for mission-oriented capital improvements with a lower rate of return.

The project review process concludes with a proposed programming of Port capital funds over ten years based on the above evaluation, reconciled with estimated funding available each year, with greater detail and specificity contained in the first five years. The first two years, matched with available funding, then become the Port's two-year capital budget. The first two years of this plan correspond to the FY 2012-13, FY 2013-14 Two-Year Capital Budget. Also, the FY 2011-12 through FY 2015-16 Five-Year Financial Plan (available at: <http://sfmayor.org/Modules/ShowDocument.aspx?documentid=108>) reflects the capital budget in the first two years and forecasts available funding for the final three years based on this Plan. Highlights of the changes made in this FY 2013-22 Plan are discussed in more detail in the pages which follow.

III. Plan Context

The \$817 million in funding this plan proposes over the next ten years is \$45 million more than the \$772 million proposed in last year's 10-year Capital Plan. This difference is primarily due to the inclusion of funding coming from the America's Cup Event Authority as well as of multiple sources contributing to construction of the new cruise terminal at Pier 27 (detailed in Section IV). The programming of \$817 million in funding represents a continued growth in resources roughly keeping pace with estimated need, as illustrated below.

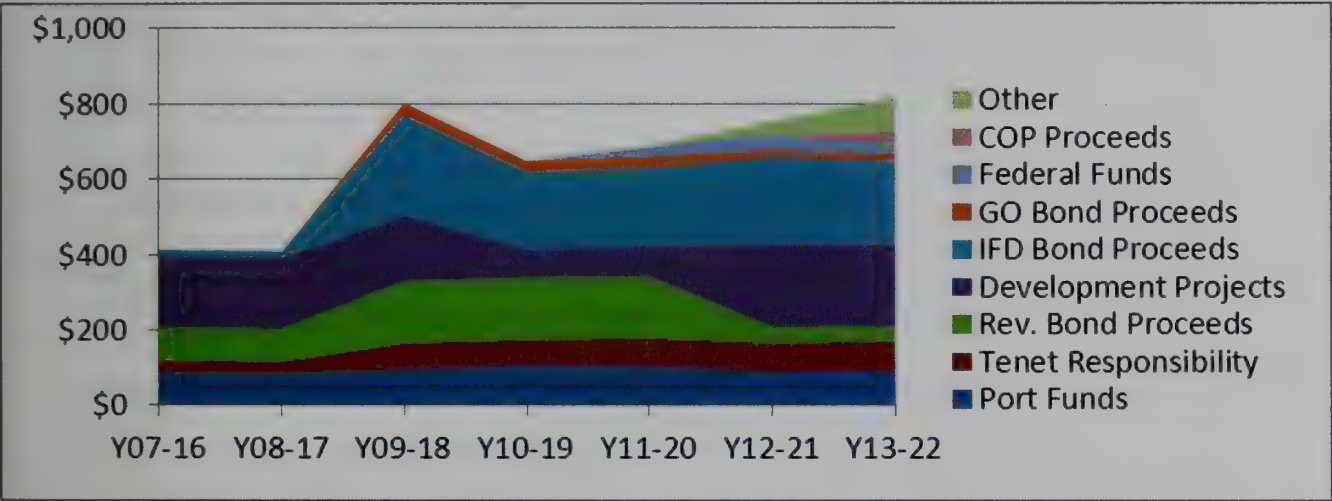
Graph 1: Funding, Need Time Series



FY 2009-18 Plan: Recalculation of Need

As detailed in Table 2 below, The Port's 10-year estimate of need increased by over \$500 million in the FY 2009-18 plan over the previous plan as a result of a change in the methodology of need calculation. Where the first two iterations of the Port's 10-year capital plan focused on assessing the backlog need and 10-year Plan of Finance, the FY2009-18 plan was the first plan to capture new need (in addition to the backlog) expected to be incurred over the 10-year period of the Plan. It is only happenstance that there is a corresponding spike in funding sources, which is illustrated in greater detail in Graph 2 below and explained thereafter.

Graph 2: Funding Sources Detail



FY 2009-18 Plan: Rising Revenue Bond, IFD Bond Proceed Projections

In November 2008, San Francisco's voters approved Proposition D which provides an option for the Board of Supervisors to capture 75% of the payroll and hotel tax increment generated by future Pier 70 development to help fund Pier 70's immense public infrastructure and improvements.

These changes in law, together with revenue projections based on then-new private development prospects at SWL 337 resulted in changes to assumptions based on 1) new

lease revenues which would allow the Port to leverage revenue bonds, as well as 2) an increased value to the property, which will allow the Port to leverage IFD bonds.

FY 2010-19 Plan: Falling Development Project Financing

In FY 2009-10, plans for development of Piers 30-32 as the site of the Port's new cruise terminal as well as for development of Pier 27 as a mixed use office space facility were determined to be infeasible as then conceived. Despite efforts of Port staff and engagement with potential development partners, no public/private partnership emerged suitable for development of these structures. In the FY 2010-19 Plan, assumptions about development of these two facilities were removed from the Plan's plan of finance.

FY 2011-20 Plan, FY 2012-21 Plan: Addition of Federal Funding

Where the Port had successfully sought small amounts of federal funding in the past, the successful appropriation of \$4.8 million against the Water Resources Development Act of 2007 (see Federal Funding, Section V) and ongoing discussion with the Army Corps of Engineers prompted staff to include amounts authorized (though not yet appropriated) by Congress. The above referenced \$4.8 million appropriation for demolition of Pier 36 was followed by a \$3 million appropriation from the Department of Defense. Subsequent requests for congressional appropriations suggested that the Port had established a baseline of funding requests that, given appropriately targeted need, would be viable on an ongoing basis. As a result, Port staff added federal funding as a finance tool for the Port's 10-Year Capital Plan.

In 2010, the California Legislature adopted AB 1199 (Assemblymember Tom Ammiano), permitting the Port to establish a Pier 70 Infrastructure Financing District ("IFD") that may issue debt repayable with both the local share of possessory interest tax (already permitted under current law) and the state's share of possessory interest tax (permitted by AB 1199), resulting in a projected increase in IFD bonding capacity of almost 40%.

FY 2012-21 Plan, FY 2013-22 Plan: Completion of Development

Anticipating the next iteration of this plan, staff will show a sharp drop off in development funding as a source with a corresponding partial reduction in need. This change will be a positive one, as it will reflect the completion of The Exploratorium Development Project.

FY 2013-22 Plan: Other Sources

As detailed below in Section V – Plan of Finance, this plan lists the James R. Herman Cruise Terminal at Pier 27, with its variety of funding sources (some of which are not yet finalized) as "other".

Table 2: Funding and Need Time Series**Funding, Need Time Series (in millions)**

	Y07-16	Y08-17	Y09-18	Y10-19	Y11-20	Y12-21	Y13-22
Total Funding	\$414	\$411	\$804	\$650	\$687	\$752	\$817
Total Need	1,229	1,432	1,945	2,001	2,101	2,173	2,211
Shortfall:	(\$815)	(\$1,021)	(\$1,141)	(\$1,351)	(\$1,414)	(\$1,421)	(\$1,394)

Funding Detail (in millions)

	Y07-16	Y08-17	Y09-18	Y10-19	Y11-20	Y12-21	Y13-22
Port Funds	\$87	\$87	\$95	\$104	\$103	\$89	\$93
Tenant Responsibility	33	30	71	71	76	78	78
Rev. Bond Proceeds	86	86	164	164	164	40	38
Development Projects	190	190	176	76	80	220	220
IFD Bond Proceeds	18	18	264	205	205	232	219
GO Bond Proceeds	-	-	34	30	34	19	19
Federal Funds	-	-	-	-	25	40	26
COP Proceeds	-	-	-	-	-	35	35
Other	-	-	-	-	-	34	89
Total:	\$414	\$411	\$804	\$650	\$687	\$752	\$817

Port staff looks to future iterations of this plan with an eye toward further reduction of the funding-need shortfall, and is energized in continuing to both expand existing financing as well as add new finance mechanisms. Details for this year's plan follow in Sections IV and V.

IV. Funding and Expenditure Schedule

Table 3: FY 2013-22 10 Year Spending and Funding Plan

	2013	2014	2015	2016	2017	2018-22	Total	
Spending Plan								
Emergency Facility Repair	\$6.6	\$0.1	\$0.1	\$0.1	\$0.1	\$0.5	\$7.5	
ADA Upgrades	0.4	0.1	0.1	0.2	1.0	0.5	2.3	
Emerging Needs	0.1	0.2					0.3	
Dredging	3.8	4.0	5.5	5.6	4.8	29.3	53.0	
Repair / Reinvestment	86.4	32.1	2.8	4.6	2.7	332.0	460.6	
Repair and Replace Subtotal:	97.3	36.5	8.5	10.5	8.6	362.3	523.7	\$1,687
Enhancements								
Pier 27 Cruise Terminal	67.3	43.4					110.7	
Other	147.0	18.9	16.7				182.6	
Enhancements Subtotal:	214.3	62.3	16.7				293.3	
Spending Total:	\$311.6	\$98.8	\$25.2	\$10.5	\$8.6	\$362.3	\$817.0	

	2013	2014	2015	2016	2017	2018-22	Total
Funding Sources							
Port Capital Budget	\$9.8	\$10.5	\$8.5	\$10.5	\$8.6	\$45.1	\$93.0
Certificates of Participation (City)	13.5						13.5
Multiple - Pier 27 Cruise Terminal	67.3	43.4					110.7
US Department of Defense	3.0						3.0
US Army Corps of Engineers						20.2	20.2
Federal Railway Administration	3.0						3.0
2008 GO Park Bond Proceeds		10.4	8.2				18.6
8 Washington Project	10.0	5.0					15.0
Exploratorium Development Project	205.0						205.0
Port Revenue Bond Proceeds		29.5	8.5				38.0
Port Tenant Improvements						78.0	78.0
IFD Bond Proceeds						219.0	219.0
Total Funding:	\$311.6	\$98.8	\$25.2	\$10.5	\$8.6	\$362.8	\$817.0

Additional Sources Sought							
US Army Corps of Engineers			\$3.0				\$3.0
US Department of Defense			3.0		3.0	3.0	9.0
US Department of Transportation			3.0	12.0			15.0
2012 GO Park Bond Proceeds	3.0	4.0	10.0	0.5			17.5
Transferable Development Rights						23.9	23.9
City-wide Assessment District						20.0	20.0
USACE - WRDA 2014						40.0	40.0
Total Additional Funding Sought:	\$3.0	\$4.0	\$19.0	\$12.5	\$3.0	\$86.9	\$128.4

For a detailed breakdown of costs in the schedule above, see Appendix A to this report. A further breakdown of projects within each building is available upon request.

Just over \$1 billion, or roughly half the overall need identified in the Port's 10-Year Capital Plan, addresses renewal and repair of existing facilities or deferred maintenance. Of the \$817.0 million the Port proposes to fund in the 10-Year Capital Plan, approximately \$523.7 million is allocated to renewal and repair (accompanied by seismic upgrades, where triggered by other work), reducing the Port's overall need from \$2.2 billion to \$1.69 billion, with the remaining \$293.3 million allocated to capital enhancement projects (\$137 million in enhancement work, or nearly half of the total capital enhancements, is taking place at Piers 15-17 through The Exploratorium Development Project).

The Portwide Annual Programs that are funded on a continuing basis in the Port's annual capital budgets include (1) emergency facility repair, a set-aside of funds for unforeseen situations, available for the most pressing capital needs in subsequent years if the programmed year remains emergency-free, (2) completing renovations in keeping with the Americans with Disabilities Act, and (3) dredging of the bay floor along the waterfront, which maintains the depth of the berths at the Port's piers so that they remain suitable for water traffic.

Other spending plan items include (4) emerging needs, where planning and design of projects are funded in order to position them for non-Port sources of construction funds, (5) capital enhancements, where new assets are being constructed or where development of a facility includes rehabilitation far beyond return to current use, and (6) America's Cup Event Authority ("ACEA") projects, as discussed in detail below.

Because of the sheer magnitude of the Port's remaining Annual Program, the Pier/Wharf Substructure Reinvestment program, for the moment, receives little, if any, funding. In order to maintain the Port's pier substructures and arrest the growth of the capital backlog, the Port must reinvest back into the Port's pier substructures approximately 0.75% of the value of those substructures, each year⁹. Unfortunately, because of the cost to do so, the Port has been unable to make the necessary investments to maintain the Port's substructures in good repair.

Lastly, for the first time in the Port's 10-Year Capital Plan, construction of a new cruise terminal is listed as a separate line item in the schedule above. Recognizing the importance of the Port moving forward with this significant strategic capital investment, a project-specific funding and expenditures schedule is provided below:

⁹ The level of need is calculated based on the cyclical replacement of portions of pier substructures, based on construction type and exposure to tidal action. For example, Port engineers estimate that the Port should rehabilitate 15% of the Port's pre-1920's era concrete piers every 20 years.

Table 4: Pier 27 Cruise Terminal Spending and Funding Plan

	2013	2014	2015-22	Total
Spending Plan				
A&E, Proj. Mgm't & Entitlement	\$17.4	\$3.6		\$21.0
DPW Program Contingency	0.0	0.4		0.4
Construction	47.0	34.9		81.9
Construction Contingency	2.9	4.5		7.4
Spending Total:	\$67.3	\$43.4		\$110.7
Funding Sources				
Watermark Condo Sales Proceeds	\$20.1			\$20.1
Port Revenue Bond Proceeds	10.1			10.1
Certificates of Participation (City)	21.0			21.0
Port Capital and Other Port Funds	9.7			9.7
FEMA Security Grant	0.7	5.7		6.4
Total Funding:	\$61.6	\$5.7		\$67.3
Additional Sources Sought				
City Contribution	4.9			4.9
America's Cup Organizing Committee	0.8			0.8
2012 GO Parks Bond Proceeds		16.0		16.0
Terminal Operator Contribution		2.7		2.7
Passenger Facility Charge		7.3		7.3
Other Unidentified Sources (net)		11.7		11.7
Total Addit'l Funding Sought:	5.7	\$37.3		\$43.4
Grand Total Funding:				\$110.7

It is important to note that, as with prior reports and in keeping with capital planning convention, the backlog costs have been estimated in 2013 dollars, and are not escalated to the anticipated project date.

V. Plan of Finance

The purpose of the plan of finance is to, in light of the 10-year capital need outlook, lay out strategically how the Port intends to pursue growth of existing and use of new financing mechanisms.

In this plan, Port staff proposes -- and the Port Commission will eventually make decisions regarding -- a financing plan that will fund \$817 million over the ten years of this Plan, from the following sources:

- \$78 million from Port tenant obligations;
- \$93 million from the Port's annual operating budget;
- \$38 million from revenue bond proceeds;
- \$13.5 million in Certificates of Participation (AC34 Projects);
- \$220 million from development projects;
- \$219 million from Infrastructure Financing District¹⁰ (IFD) bond proceeds;
- \$18.6 million from General Obligation bond proceeds and proceeds of other City debt instruments;
- \$26.2 million from multiple federal agencies including United States Army Corps of Engineers and Department of Defense;
- \$110.7 million from a mixed financing package funding the Pier 27 Cruise Terminal; and
- additional sources that may become available through transferable development rights.

With respect to the revised FY 2013-22 plan, adjustments, growth and impacts to the Plan of Finance encompass a range of newly funded projects and programs as well as new sources of potential funds. Descriptions of each of these are presented below.

34th America's Cup

While much activity has taken place over the last year, the visible and impactful change for the Port over 2011 has been the progression of the development of the 34th America's Cup project. The Lease Disposition Agreement ("AC34 LDA") calls for the Port to complete certain, planned capital improvements to Port property, including the Pier 27 James R. Herman Cruise Terminal, the Brannan Street Wharf, and demolition of Pier 36. The AC34 LDA requires the Port to rehabilitate portions of Piers 30-32 and make other pre-Match improvements to Port property. Additionally, short-term use of certain Port facilities including Piers 19, 19 ½, 23, and 29 provides an opportunity for strategic capital

¹⁰ IFDs function in a manner similar to redevelopment, by allowing local jurisdictions to establish a geographical district within which all growth in property and possessory interest tax above an established base year (typically referred to as "tax increment") can be pledged to service debt on bonds issued to fund capital improvements of communitywide significance. Note that although this mechanism uses property tax increment, it does not rely on a redevelopment agency structure and is not impacted by the recent elimination of redevelopment agencies in California.

investment in 2012 or 2014, when vacancy may provide a unique window for rehabilitation of one or more of these piers.

As described above, last year's FY 2012-21 10 Year Capital Plan projected capital costs associated with 34th America's Cup pre-Match improvements to Port property at \$47 million for upgrades to Piers 30-32 and \$7.5 million for work including Pier 27 shed demolition and relocation of Pier 27 shore power, totaling \$55 million before the Match in 2013. Further site inspection and development of 100% designs for Piers 30-32 has yielded a significantly higher estimated capital cost to rehabilitate these piers, which are reflected in this Plan.

As reflected in the revised AC34 LDA, the Event Authority is no longer a source of development funds. Development of the primary base of operations for the Event, Piers 30-32, and at Piers 26 and 28 has been reduced from a comprehensive \$142.3 million, long-term rehabilitation funded by the Authority to a targeted \$10.4 million partial rehabilitation at Piers 30-32 in this revised plan. Table 5 below shows the revised set of projects that will be undertaken and financed by the Port for AC34 that were the responsibility of the Event Authority under the prior AC34 Disposition and Development Agreement.

Table 5: FY 2013-22 10-Year Capital Plan Projected Port Expenditures Associated with the 34th America's Cup

	<u>Total COPs</u>	<u>Port Capital</u>	<u>Re-Allocation Port Rev Bonds</u>	<u>Total Appropriation</u>
<u>AC34 Requirements</u>				
Pier 30-32 repairs and improvements	2.4		7.9	10.4
Pier 23 electrical upgrades	0.6			0.6
Pier 29 pile repairs	0.2			0.2
Dredging & Inspection		0.5		0.5
<u>Soft costs (project management & other soft costs)</u>	0.6			0.6
<i>Subtotal - AC Requirements</i>	3.8	0.5	7.9	12.2
<u>AC34 Project Mitigation</u>				
<u>Measures</u>		-		
Pier 19 south apron improvements	3.4	-		3.4
Pier 23 handrail	0.7	-		0.7
Pier 64 removal	-	1.3		1.3
Pier 1/2 removal	-	1.2		1.2
<i>Subtotal - AC34 and CT Mitigation</i>	4.1	2.5	-	6.6
<i>Total</i>				
<i>Total Uses</i>	<u>\$ 7.9</u>	<u>\$ 3.0</u>	<u>\$ 7.9</u>	<u>\$ 18.8</u>

In conjunction with both the James R. Herman Cruise Terminal and AC34, BCDC has imposed a number of public access and related requirements that will require substantial investment in Piers 19-23. The Port will invest an estimated \$3.4 million in the Pier 19 south apron pursuant to the BCDC permit for AC34. The BCDC permit for the Cruise Terminal requires that, within ten years after Phase I of building the Cruise Terminal, the Port will improve the remaining aprons at the Piers 19-23 complex, and remove Pier 19½, a non-historic connector building between the original Piers 19 and 23 that currently blocks views to the Bay. Port staff currently estimates the cost of this Cruise Terminal required work at \$13 million¹¹. If the Port is able to obtain San Francisco Planning Code amendments to pay for this work in the near term, these strategic investments, coupled with the expected vacancy of these piers in 2014¹², may establish these piers as the next pier rehabilitation projects in the Port's northern waterfront.

After the Port constructs the projects required by the AC34 LDA, Port staff must immediately shift attention to other revenue-generating projects such as the Pier 90-94 Backlands off Amador Street and the Piers 19-23 project to implement a strategy of capital investment that enhances the Port's balance sheet.

Under Pier Utility Infrastructure

This year's Capital Plan presents a more comprehensive strategy for addressing the Port's under pier utility infrastructure needs. In 2009, the Port experienced a water leak at Pier 15; the Regional Water Quality Control Board (RWQCB) issued a Notice-of-Violation (NOV), directing the Port to develop an infrastructure evaluation work plan and implementation schedule for needed infrastructure improvements. The Port contracted for a survey of under pier utilities; the resulting condition assessment concluded that the water and sewer infrastructure is, in many places, in unacceptable condition and estimated replacements costs could exceed \$40 million.

In response to the NOV, the Port devised a strategy for addressing under pier utility problems by grouping piers into categories and assigning responsibility for each category (i.e., tenant, Port, future developer). Where tenants have an obligation under their lease to maintain and repair utilities, they have been advised of the results of the condition assessment and directed to make needed repairs. For those piers that will be utilized for the 34th America's Cup, the Port is reviewing plans for utility improvements to ensure they are sufficient to meet the intended use at various locations, and that they adequately address problems identified in the condition assessment. Similarly, as piers are subject to future development, the Port will require development plans to employ innovative technologies, materials, installations, and other techniques that could reduce exposure and improve performance and reliability of water and sewer infrastructure.

¹¹ For a detailed list of BCDC *Special Area Plan* proposed requirements for the Pier 27 Cruise Terminal, including recent Port cost estimates, please see the February 23, 2012 Port Commission staff report on BCDC Special Area Plan Amendments, which is posted on the Port's website at <http://www.sf-port.org/index.aspx?page=2003>

¹² Piers 19-23 are expected to be returned to Port control in 2014 or after any subsequent defense of the America's Cup hosted in San Francisco that requires the use of these piers.

For the remaining category of piers, the Port has established a procedure and adopted criteria to determine the priority for addressing those piers for which it is directly responsible for utilities. In addition to condition scoring (1-5), the criteria include factors such as size, prior investments, current or future value, as well as current use and occupancy. In the initial application of these criteria, the Port selected the following projects for inclusion in the Capital Plan:

• Wharf J-1 in Fisherman's Wharf	\$350,000	FY 2013
• Pier 9 or Northern Waterfront project	2,140,000	FY 2014
• Utility Capital Maintenance	<u>250,000</u>	annually, FY 2014 - 2022
	\$2,740,000	

Wharf J-1

Work at Wharf J-1 in FY 2012-13 will involve replacing sewer collection pipes that handle sewer waters from several restaurants along Taylor Street. Work will include replacing potable water pipes and pipe hangers to ensure a system life of at least 20 years.

Pier 9

Pier 9 or another pier in the northern waterfront will serve as a pilot project for future under pier utility repair and replacement. The replacement design will explore innovative and state-of-the-art solutions to improve the performance and reliability of water and sewer utilities. The design team will analyze alternatives, investigating materials and methods unique to the marine environment, such as plastic pipes, corrosion control, vacuum-assisted pumps, double-walled pipes, and other innovations that would reduce the exposure and resulting failure of plumbing infrastructure.

Design criteria will be used to prepare contract documents for the selection of a qualified contractor to execute the infrastructure replacement. The project includes construction management and oversight services, final inspection and acceptance. Port staff expects the new utility system to be completed around October, 2014.

Utility Capital Maintenance

Based on the condition assessment referenced above, the Port has determined that some utility problems may be addressed more effectively through a capital maintenance program in lieu of or until more extensive development and replacement occurs. The Port's Maintenance Division is in the process of instituting an inspection program to examine water and sewer infrastructure on an annual basis, consistent with the Port's permit requirements.

The Maintenance Division has created a scorecard to record observations and assess conditions based on visual inspections. The division has documented a response protocol that will be followed to address the findings from inspections. Work orders will be generated to address detected leaks or critical conditions that pose an immediate threat to

water and sewer infrastructure. Non-critical conditions will be documented and scheduled for follow-up inspections on an annual basis.

Infrastructure Financing District Revenues

As described in the December 16, 2011 Port Commission staff report regarding a Port Infrastructure Financing District, Government Code Sections 53395 et seq. ("IFD Law") allow public agencies, including the City, to finance public infrastructure improvements by capturing and bonding against property tax increment generated in the IFD after it is established. To do so, the public agency must follow a multi-step process that includes approval of a financing and infrastructure plan by the Board of Supervisors.

IFD Law was crafted to allow IFDs to function much like redevelopment project areas. In this regard, IFDs do not increase tax rates, rather, they rely on increases in the property tax base within the IFD. Like redevelopment, the fundamental justification for tax increment financing is the notion that but for public and private investment made possible by tax increment financing, development and the resulting property tax increases would not occur.

As described in its December 16, 2011 Port Commission Port Infrastructure Financing District staff report, Port staff have introduced to the Board of Supervisors a Resolution of Intention to Establish an Infrastructure Financing District for City and County of San Francisco (Infrastructure Financing District No. 2). Port staff has provided notice of intent to form project areas on sites where, through Port development projects and the America's Cup, the Port Commission has indicated it may consider establishing IFD project areas in the future. These sites include:

- Seawall Lot (SWL) 330
- Piers 30-32
- Pier 26
- Pier 28
- SWL 351
- SWL 337
- Pier 48
- Pier 70

The Board of Supervisors amended Seawall Lot 351 and 337 out of the Resolution of Intention pending more information about these projects, and adopted the resolution on March 27, 2012.

Port staff will likely recommend removal of piers 26 and 28 from Infrastructure Financing District No. 2, because these sites are no longer likely development sites.

AB 664 IFD

As described in the February 14, 2012 Port Commission staff report regarding the AC34 DDA, the Port of San Francisco worked with the Office of Mayor Ed Lee and Assemblymember Tom Ammiano in 2011 to enact AB 664 related to financing improvements required for the 34th America's Cup. AB 664 was adopted by the Legislature and signed into law by Governor Jerry Brown.

AB 664 includes a financial test: if the California Infrastructure Financing Bank (I-Bank) finds that the net present value of tax benefits of the 34th America's Cup to the State of California exceeds the net present value of proceeds of growth in possessory interest tax from future development of America's Cup Venues on Port property that would otherwise be deposited into the State's Education Revenue Augmentation Fund (ERAF), then the State of California will participate in funding waterfront improvements for the 34th America's Cup by allowing the Port to divert up to \$1 million annually from ERAF for a period of up to forty-five years for the following purposes:

- To finance or refinance improvements to the Pier 27 Cruise Terminal;
- To finance additional shore power improvements to port property; and
- Utilizing 20% of available proceeds, to finance legacy improvements to National Park Service, State parks, or San Francisco Recreation and Parks Department lands used as venues for watching the 34th America's Cup.

The Bay Area Council Economic Institute and Beacon Economics report "*America's Cup: Economic Impacts of a Match on San Francisco Bay*" estimated tax benefits of the 34th America's Cup of \$61 million from 2012-13. The net present value of the 45 year ERAF share of increment that AB 664 will provide is \$15.5 million (6 percent discount rate).

Port staff is exploring potential changes to AB 664 that will make this tool more useful for the Port, including indexing the \$1 million annual cap and to designate that the port may capture the allowable ERAF increment from Seawall Lot 330 and Piers 19, 23 and 29. Assemblymember Ammiano is authoring AB 2259 in the 2012 legislative session.

Seawall Lot 337

Looking toward current plans for development of the Port's SWL 337, the developer's proposal anticipates a phased multi-year project with horizontal development costs of approximately \$200 million and vertical development costs of approximately \$1.5 billion. About 25% of this investment, or approximately \$400 million worth, is expected to occur within the 10-year scope of this Plan.

While Port staff assumes that revenues and tax increment arising from development of SWL 337 will likely be realized before 2021, the Plan does not assign SWL 337's projected \$65 million in tax increment debt proceeds to specific uses.

Seawall Lot 351

The proposed agreement for the Seawall Lot 351 Development and Disposition Agreement which is expected to be considered by the Port Commission in March 2012 provides that the Seawall Lot 351 project will include creation of an Infrastructure Financing District that includes adjacent non-Port property at 8 Washington Street and is expected to generate \$12.5 million in tax increment debt proceeds to fund Port Capital needs¹³. As with SWL 337, this Plan reflects continuing uncertainty of the real estate market, and actual proceeds will be based on assessed values.

Subject to review and approval by the Port Commission and the Board of Supervisors, Port staff recommends utilizing the \$12.5 in projected Seawall Lot 351/8 Washington IFD bond proceeds for the following purposes:

- Pier 27 Cruise Terminal Phase 2 costs
- Under Pier Utility Projects
- ¹⁴Port substructure repair projects

Pursuant to a request by Board President David Chiu, SWL 351 was removed from the legislation pending before the Board. New legislation is required to enact this IFD program for SWL 351.

Pier 70

Pursuant to Port Commission direction, Port staff has commenced the process of implementing the Pier 70 Master Plan, starting with the issuance of a Request for Qualifications for a developer for the 20 acre Waterfront Site. The passage of AB 1199 (Assemblymember Tom Ammiano) reduces the Pier 70 finance gap estimated in early 2010 of \$46 million by \$13 million on a net present value basis. Due to the development timeline for Pier 70, the Plan only assumes that a portion of Pier 70 expenditures will occur by 2022.

¹³ Subject to approval by the Port Commission and the Board of Supervisors, the Seawall Lot 351 Disposition and Development Agreement provides that \$5 million of the proceeds of the Seawall Lot 351/8 Washington Street IFD will be used to fund public park improvements at the proposed site. Port staff recommends that the first \$5 million of tax increment collected by this IFD be used, on a pay-go basis, while the stream of increment stabilizes (i.e., as condominiums in the project are sold). A stabilized revenue stream will yield a better borrowing rate for eventual debt issuance and maximize bond proceeds.

Major Revenue Bond Proceed Funded Projects

The James R. Herman Cruise Terminal at Pier 27 is the largest of the Port capital projects funded by the Series 2010 Revenue Bond proceeds. In addition, that bond issuance in early 2010 programmed funding for the following projects:

- ***Piers 19 and 23:*** These piers are located near one another in the northern waterfront. They require repairs and seismic upgrades and are short-term venues for AC34. The Series 2010 revenue bonds included \$3.5 million to repair the Pier 19 roof to enable continued interim leasing of that facility. The Series 2010 revenue bonds also included \$2 million in design funding for further improvements to either Pier 19 or Pier 23.

Port staff envisions a mixed-use development project at either Pier 19 or Pier 23, subject to approval by the Port Commission, the Mayor, and the Board of Supervisors. The remaining pier would offer a unique opportunity to attract a major maritime tenant specializing in harbor services and/or to provide interim leasing revenues to the Port. The BCDC requirement to remove the non-historic Pier 19½ connector shed within ten years after constructing Phase 1 of the Pier 27 Cruise Terminal provides an opportunity to build a new maritime or other public trust consistent facility that meets Secretary's Standards and utilizes the Piers 19-23 water basin.

In 2010, Port staff reported that the cost of a mixed use, adaptive reuse project at either Pier 19 or Pier 23 would be \$85 million, based on certified costs to construct Pier 1 and construction cost inflation since the Pier 1 opening. This project is dependent on developing a financially-feasible mixed use program consisting of interim non-trust and public trust uses, consistent with a proposed interim leasing policy for Port historic structures pending Port Commission consideration. Other funding for the Pier 19 or Pier 23 project would include funding from lease revenues, IFD revenues, federal historic tax credits, private equity and potentially transferable development rights. Such a program would commence after 2014 upon the return of the piers to the Port following their use for the 34th America's Cup.

- ***Pier 35 Cruise Terminal*** – To continue the Port's cruise business, the Port of San Francisco requires at least two cruise terminals. Pier 35 is currently the Port's primary cruise terminal and will continue in service after Pier 27 re-opens. In 2009, Port engineers conducted a facility assessment of Pier 35 and found that urgent repairs are needed to the pier superstructure to keep the facility open. Thus, the Port allocated \$5.5 million of the Series 2010 revenue bond proceeds to fund immediate facility repairs. Additional substructure repair and seismic improvements are required to keep the facility operational. Because the Pier 35 substructure supports a wastewater treatment outfall operated by the San Francisco Public Utilities Commission, Port staff intends to solicit feedback from Public Utilities Commission staff regarding facility capital upgrade strategies.

This project was partially defunded to finance AC34 required improvements and remains at the top of the list of planned projects for future debt issuances.

- **Pier 90-94 Backlands:** The Port's largest unleased area of Port property is the Pier 90-94 Backlands, an area of unengineered fill not suitable for commercial buildings without the inclusion of costly pile supported foundations. The Series 2010 revenue bonds included \$8 million in funding for new road and utilities to support new leasing plots that are planned for the site. DPW staff is currently developing construction documents. To provide temporary funding for the Pier 70 shore power project, Port staff is proposing to borrow funding from the Backlands project until new debt can be issued to provide long-term funding for the shore power project, expected in summer of 2012. Port staff expects that the project will be advertised for bids sometime in spring of 2012. Construction is expected to be completed in 2013. This project was defunded to finance AC34 required improvements and remains at the top of the list of planned projects for future debt issuances.

Annual net revenue of the Port over the past five years has averaged \$13 million. The revised AC34 transaction, whereby the Port retains certain revenue generating assets in return for financing required infrastructure costs, has resulted in a modest rise in the Port's net revenue projections. As such, the Port's estimated debt capacity has risen to \$74 million¹⁵, prior to financing the Port's AC34 obligations. Port staff currently anticipates that \$38.5 million of such capacity will be allocated to the proposed COP issuance discussed herein. An additional \$29.5 million is anticipated to be allocated to Port revenue bond issuance in fiscal year 2014 to fund long-planned revenue generating projects and a portion of the Phase 2 Cruise Terminal costs. Remaining, unprogrammed debt capacity is anticipated to be \$8.5 million.¹⁶

During the next fiscal year, Port staff will evaluate options for expending remaining unallocated Port revenue bond proceeds. In addition to the Piers 19-23 and Under Pier Utility Infrastructure projects described above, the following projects are possible candidates for funding:

- **Piers 90-94 Backlands.** (See discussion above.)
- **Wharf J9 Repairs:** The Port needs to replace the Wharf J-9 seawall that is required to continue the use of the adjoining leased facilities in Fisherman's Wharf. This revenue preservation project would cost approximately \$5 million.
- **Pier 48:** The roof at Pier 48 is deteriorating with weather penetration taking place over certain parts of the shed, which has led to small amounts of dry rot. Good revenue streams and expected future development of the adjacent SWL 337 make

¹⁵ Assumed annual net revenues of \$17 million, annual interest rate expense of 6% and debt service coverage of 2x.

this a valuable asset to the Port. The timely replacement of roofs has a strong preventative benefit, further making Pier 48 a good candidate for investment of revenue bond monies. Renewal of roof elements at Pier 48 are currently scheduled for FY 2014, though this could change based on how and when development proceeds at SWL 337.

General Obligation Bond Projects

In February 2008 San Francisco voters approved a \$185 million General Obligation bond measure for park and open space improvements throughout the City, of which \$33.5 million has been allocated to fund or partially fund Port open space improvements across the Port's waterfront. Port General Obligation Bond projects include: a promenade at Pier 43½ in Fisherman's Wharf; the Brannan Street Wharf Park in Southbeach; Bayfront Park in the Port's China Basin region; and, in the Port's Southern Waterfront, Crane Cove Park, Warm Water Cove Park, Islais Creek, and an entrance to Heron's Head Park. In FY 2010, using \$3.1 million of the first bond issuance the Port initiated planning and design efforts for these projects. A second issuance procured \$10.7 million for the Pier 43 Bay Trail Link, Blue Greenway and the Bayfront Park shoreline projects. A third issuance for \$11.6 million in March 2011 funded the final phase of the Pier 43 Bay Trail Link and portions of the Brannan Street Wharf and Blue Greenway projects. Port staff members anticipate a fourth and final issuance of \$7 million in FY 2012 that will fund the final phase of the Blue Greenway projects.

Table 6: Total 2008 G.O. Bond Park Proceeds Allocated to Port Projects

<u>Port Area</u>	<u>Proposed Park</u>	<u>Project</u>	<u>G.O. Bond Funding</u>
Fisherman’s Wharf	Pier 43½ Park	Pier 43½	\$9,000,000
South Beach	Brannan Street Wharf Park	Brannan St. Wharf	3,000,000
China Basin	Bayfront Park	Blue Greenway Project	21,500,000
Southern Waterfront	Crane Cove Park		
	Warm Water Cove Park		
	Islais Creek		
	Heron’s Head Park Entrance		
		Total:	\$33,500,000

As a part of the reporting requirements for this Bond, Port staff post updates on each of these projects every month, which may be found at: <http://parkbonds.sfgov.org/2008/>. Additionally, Port staff members, together with Department of Recreation and Parks staff members, report more comprehensively on a quarterly basis to the City's General Obligation Bond Oversight Committee. These reports are also available on the reporting website noted above.

Three of the Port's General Obligation Bond parks, Pier 43 ½ Park, Bayfront Park, and Brannan Street Wharf, began construction in FY 2012. Bayfront Park was completed in fall 2011, and Pier 43 ½ should be finished prior to the start of FY 2013. Brannan Street Wharf is scheduled for completion in June of 2013.

Future General Obligation Bonds

2012 General Obligation Bond for Neighborhood and Waterfront Parks: Port staff is working with City staff and the Recreation and Parks Department on a potential November 2012 ballot measure for a bond measure to maintain and improve neighborhood and waterfront parks. Of the potential issuance, up to \$35 million would be allocated to waterfront parks.

Of that amount, up to \$20 million would be allocated for open space projects in the Northern Waterfront including Pier 27 Northeast Wharf Plaza and public access improvements and Pier 43 Ferry Arch public access improvements. The remainder would be allocated for Blue Greenway parks located in the Southern Waterfront including Crane Cove Park, Warm Water Cove Park and Islais Creek connections. Final allocations of funding for Port parks in the proposed 2012 General Obligation Bond for Neighborhood and Waterfront Parks will be determined by Mayor Ed Lee and the San Francisco Board of Supervisors in consultation with the Capital Planning Committee, the Recreation and Parks Commission and the Port Commission.

Certificates of Participation

The Port has Charter authority to issue revenue bond debt, which the Commission exercised in 2010 with a debt issuance of \$36.7 million. Port staff recommended, and the Commission approved, COPs for 34th America's Cup and Cruise Terminal improvements as an alternative to Port revenue debt because the City has a better credit rating than the Port¹⁷. This marginally improved credit enhances financing and may improve pricing by approximately 25 basis points, which would reduce interest costs by more than \$1 million over the life of repayment¹⁸. This strategy protects the Port's revenue bond debt service coverage levels which will allow for more bonding capacity when the Port's revenue streams improve.

The City expects to issue City and County of San Francisco Certificates of Participation Tax-Exempt Series 2012A (Non-AMT) and Tax-Exempt Series 2012B (AMT). Of the \$34.6 million in expected proceeds, the Port will use the \$4.1 million from the Non-AMT series for public improvements to Piers 19 and 23; the Port will use the remaining \$30.5 million in proceeds from the AMT series for the Pier 27 Cruise Terminal Project, electrical upgrades on Pier 23, a portion of the Piers 30-32 project, and Shoreside power improvements to Pier 70.

Transferable Development Rights

All of the pier sheds and associated bulkhead buildings on the Port's historic finger piers are collectively recognized as part of the Embarcadero Waterfront Historic District listed

¹⁷ The City and County of San Francisco's COP ratings are A1/AA-/A+ by Moody's, Standards & Poor's and Fitch respectively. The Port's revenue bond ratings are A1/A-/A by Moody's, Standards & Poor's and Fitch respectively.

¹⁸ The actual pricing depends on the day in which the City enters the market and as a result actual spreads cannot be determined. The estimate is a representation of the estimate in the current market environment.

on the National Register of Historic Places. Any alteration or historic rehabilitation undertaken for these resources is required under Port Commission policy to comply with U.S. Secretary of the Interior Standards for Historic Rehabilitation (Secretary Standards). The Port has relied on the Federal Historic Tax Credit Program as one essential financing tool to assist in paying for the high cost of rehabilitation to meet the Secretary Standards. However, given the age of the piers and increasing costs of repair, structural and/or seismic interventions necessary to meet current codes, other financing strategies are required to save these historic resources and continue the Port's waterfront revitalization efforts.

The Port has initiated discussions with the Board of Supervisors, Planning Department, San Francisco Architectural Heritage and other preservation stakeholders to consider allowing the City's Transfer of Development Rights (TDR) program to be applied to historic rehabilitation projects defined by the Port Commission that would rehabilitate historic resources in the Embarcadero Historic District. TDR is an historic preservation incentive tool that allows unused development air rights on sites containing recognized historic resources of public value to be sold and applied to other development "receptor" sites. The City's TDR program requirements and provisions are contained in the San Francisco Planning Code and administered by the San Francisco Planning Department. Any historic building that receives benefit from the TDR program would require that the allowable development of that site be reduced by the amount sold through the TDR program.

The Port sees TDR as a significant potential financing tool that could generate significant funding to support historic rehabilitation costs of its historic pier resources, particularly at Piers 26 and 28 in South Beach and at Piers 19-23 in the Northern Waterfront. The current value of TDRs is estimated at \$20 per square foot. Based on this value, Port staff estimates that the upper value of transferable development rights for Piers 19, 23, 26 and 28 could be a total of \$24 million in 2012 dollars.

Development Projects

The Port's development projects are public-private partnership projects in which a developer enters into a lease of up to 66 years with the Port for property, secures financing and is responsible for project delivery. The Pier 15-17 development project began construction in November 2010. As previously noted, cost estimates included in this Plan include only repair and replacement costs and seismic upgrades the Port would need to conduct in order to continue operating these facilities for current uses. The description below includes enhancements The Exploratorium is making to facilities to change their use; these changes go beyond the repairs, replacements, and seismic upgrades identified in the Port's 10-Year Capital Plan, and so their full costs are not included below:

- **Piers 15-17:** The Port has executed a Lease Disposition and Development Agreement and long-term Lease with The Exploratorium to renovate Piers 15-17 and relocate The Exploratorium there from its current location at the Palace of

Fine Arts. The Exploratorium will lease Pier 15 and develop it for museum and ancillary uses, with the idea of expanding into Pier 17 in later years. Piers 15 and 17 are located in the Northeast Waterfront on The Embarcadero at Green Street. The final development budget submitted before commencing construction in November 2010 is \$205 million funded by The Exploratorium.

- **SWL 337:** Following extensive public input and a Request for Qualifications phase, the Port Commission awarded a Request for Proposals for the development of an approximately 16 acre site immediately south of AT&T Park. The selected development team, SWL 337 Associates, LLC, proposes an urban mix of uses which may include office, rental residential and retail plus more than 5 acres of open space. The developer has stated order of magnitude project costs at \$1 billion with total infrastructure costs estimated at approximately \$200 million. The Port and development team have entered into an Exclusive Negotiation Agreement (“ENA”) specifying the obligations of each party. The ENA contemplates commencing public outreach to shape the development program in 2012 and the securing of entitlements in 2013 and 2014.
- **SWL 351:** In 2008, the Port sought development proposals for a two-thirds of an acre site at the Embarcadero and Washington Streets along the Ferry Building Waterfront that is currently used as a surface parking lot. In February 2009, the Port Commission authorized exclusive negotiations with San Francisco Waterfront Partners to combine the site with the adjacent tennis club property for a 3 acre mixed use project with a rebuilt recreation club, condominiums, restaurants, retail and a new public park. The project proposal was refined in part through a public planning process led by the City’s Planning Department – The Northeast Embarcadero Study was completed in July 2010. A Term Sheet outlining the refined project and financial terms was approved by the Port Commission in September 2010. Hearing on the Final Environmental Impact Report is pending before the Planning Commission in March 2012, after which the Port Commission will consider transaction documents for the project.
- **Pier 70:** The Port, policy makers and the community have invested substantial time and thought to create the Pier 70 Preferred Master Plan (“Master Plan”) to structure the revitalization of this extraordinary area of the waterfront. The Master Plan vision retains the ship repair operations, preserves the historic buildings, creates new waterfront parks, and defines opportunities for new development. On May 11, 2010, the Port Commission endorsed the vision, goals, objectives, and design criteria of the Master Plan and authorized a two-track developer solicitation process to attract private investment to Pier 70 (Resolution 10-27).

The Port issued the first solicitation for rehabilitation of 250,000 square feet of buildings and development of 2.5 million square feet of new buildings on 25 acres at the eastern edge of Pier 70, primarily for job-focused, office and/or biotech purposes. Following a competitive development solicitation process, on July 8, 2011, the Port Commission approved an exclusive negotiation agreement with Forest City Development California, Inc. for the 25 acre site. Forest City is now

undertaking extensive due-diligence and planning to develop a project proposal. Paramount in realizing the renaissance of Pier 70 will be an innovative public private partnership including land-based financing, tax increment and other techniques to achieve the public benefits of historic preservation, new parks, and economic development opportunities.

The second solicitation was for the 20th Street Historic Buildings, six buildings on or near 20th Street at Pier 70. These historic resources, some dating to the 1880s, are in need of substantial investment to return to active use, likely through a public/private partnership. On December 2, 2011, the Port received responses to the Request for Proposals (RFP) for the 20th Street Historic Buildings from four parties. Staff is currently reviewing the proposals and anticipates awarding this development opportunity in late February 2012. By summer 2012, the Port will have two development teams actively pursuing investment in Pier 70 to respond to the strengthening real estate market.

SB 815 New Revenues

In 2007, the State legislature adopted legislation (SB 815) that allows for more varied development on some of the Port's seawall lots, and allows the Port to enter into lease terms of up to 75 years (the prior maximum had been 66 years). The legislation also restricts the use of new revenue growth generated by seawall lot leases to 1) repair and seismic upgrades of historic facilities and 2) construction of open spaces required by the Special Area Plan. SB 815 revenues are *net revenues* of development on the subject seawall lots compared to base rent from current uses of the seawall lots prior to entering development leases.

Seawall Lot 337 is the first development likely to be affected by the new legislation. The net additional annual income associated with SWL 337 development will help the Port to leverage up to, roughly, \$15 million in bond proceeds – significantly lower than the amount of funding projected in prior iterations of the plan. This adjustment is based on the following changes in assumptions from previous calculations:

- The current parking use of Seawall Lot 337 continues to generate increased revenues, and revenues are projected to exceed \$4 million annually by the time the Port enters a lease with SWL 337 Associates, LLC (sometime in 2015 or beyond) for development of Seawall Lot 337;
- This year's plan utilizes more conservative assumptions of 10% issuance costs, an 8% taxable interest rate, a 1.3:1 debt service coverage ratio.

The projected revenue bond monies of \$15 million arising from the proposed development at Seawall Lot 337 are constrained to uses permitted by SB 815 (Senator Carole Migden). These bond proceeds are assigned to historic rehabilitation projects likely to occur in the ten year period.

Federal Funding

As of the writing of this Plan, the United States Congress continues to operate under a two-year moratorium on congressionally directed spending. However, because this moratorium has a differential impact across funding sources –in particular, the budget for the Army Corps is more affected than others– there is a great deal of speculation that the definition of “earmark” may be revised shortly following 2013 elections. If Congress does undertake any easing of these restrictions, the probability of the Port receiving additional federal funding in the first half of this Plan will greatly increase.

United States Army Corps of Engineers (USACE)

In 2006, Port staff, working with Mayor Gavin Newsom’s Office, successfully petitioned the office of House of Representatives Speaker Nancy Pelosi to carry a new federal authorization for a number of the Port’s facilities. The legislative vehicle for this authorization is the Water Resources Development Act of 2007 (WRDA 07). Section 5051 of that legislation authorizes USACE, in cooperation with the Port of San Francisco, to seek appropriation of \$25 million for “...repair and removal, as appropriate, of Piers 30-32, 35, 36, 70 (including Wharves 7 and 8), and 80 in San Francisco, California, substantially in accordance with the Port’s redevelopment plan.” All funding from this source requires a 2:1 match from the Port. The Port has traditionally been the only City department with projects eligible for funding from the Army Corps.

- ***WRDA 07, Pier 36*** – The first appropriation the Port sought under the WRDA 07 authority was for funding to remove Pier 36, in preparation of the construction of the Brannan Street Wharf Project. This appropriation was passed into law in early 2010, and the Port supplied the necessary matching funds to the Army Corps in September 2010 using previously appropriated Port capital funds. The Army Corps of engineers expects to complete demolition of this structure by June 30, 2012, and this structure has been removed from the Port’s Capital Plan database for this Report.
- ***WRDA 07, Piers 35 and 70*** – Following requests from Port staff, Speaker Pelosi’s office agreed to carry an appropriation request for repairs to the Port’s Pier 35 cruise terminal, and for removal of wharves 7 and 8 at Pier 70. Through the committee process, the amount listed in proposed law was reduced to \$5 million for repairs to Pier 35 only. The appropriations bill containing that funding expired, and as things stand today, there is no expectation that the Port will be able to appropriate this or any other funding authorized under WRDA 07 in the next few years.
- ***Continuing Authorities Program Section 107 (CAP107), Central Basin Dredging*** – The Central Basin is the approach to the Pier 70 Shipyard’s primary drydock facility. Dredging of this approach is critical to operations of the shipyard. While the drydock itself is the largest privately operated repair

facility of its kind on the west coast of the Americas, the increasingly restrictive siltation in the Central Basin is limiting the number and type of vessels that can access it. In September 2009, the Port requested dredging assistance from the Army Corps under CAP107. Through this program the Army Corps would provide \$3 million in Federal funding, which is 75 percent of the estimated cost of the dredge project, and upon completion, assume responsibility for ongoing maintenance dredging. The Port and its shipyard tenant, BAE systems, would split the required \$1 million match. In summer of 2011, however, after decades of continuous and predictable funding, the Army Corps halted all funding to the CAP107 program, which required USACE San Francisco District staff suspend all work on the Central Basin Dredging project. In February of 2012, without a budget, USACE produced its FY 2012 Work Plan, which included CAP107 funding. While the amount funded is a vastly reduced \$3 million, nation-wide, that the program is, in fact, funded allows USACE staff to resume with Port staff the lengthy administrative process required to ultimately receive new federal dredging assistance.

- ***River and Harbor Act of 1950, Seawall Study*** – The River and Harbor Act is the authorizing vehicle that preceded biennial WRDA authorizations. Like succeeding WRDAs, this law authorizes appropriations for particular projects. In this case a broad authority allows the Port to request funding through the Army Corps budget for \$100,000 to initiate a study of the San Francisco seawall and marginal wharf, as discussed in Section II above. Once this study is complete, Port staff would be in a position to request authorization for funding to repair or reconstruct the seawall, based on the results of the Army Corps study. Appropriations would then follow for actual construction. Given the current political climate, it is impossible to predict when these various legislative vehicles will move forward; for that reason, repairs to the seawall are very roughly estimated to order of magnitude, and are placed out at the very end of this Plan.
- ***WRDA 2014, Seawall Repair and Derelict Piling Removal*** – Though WRDA legislation is intended to be biennial, as a matter of practice, these new authorizations are passed into law much less frequently. As the separation between the last two WRDA authorizations was seven years, this Plan assumes the same, and predicts there will be a WRDA 2014. Based on discussions in 2009 of a possible WRDA 2010, Port staff submitted to House of Representatives Speaker Nancy Pelosi and Senators Barbara Boxer and Dianne Feinstein language to amend the Port's existing WRDA 07 authorization to increase the amount of funding authorized, and to make eligible appropriations for seawall construction or repair and removal of derelict pilings. This amendment language will be resubmitted when there are calls for a new WRDA.

United States Department of Defense (DOD)

As noted earlier, new rules governing congressionally directed spending currently prevent the Port from seeking new DOD funding. That said, any relaxation of the new restrictions is likely to impact the Department of Defense budget, which is largely project-specific. Port staff members are hopeful that these changes are coming, but this Plan does not program any funding in the first five years of this Plan.

- ***Demolition of Drydock #1*** – Working through House Speaker Nancy Pelosi's Office, Port staff wrote, and Congress passed into law a \$3 million appropriation for remediation and demolition of Drydock #1. The Department of Defense engaged the salvage arm of the United States Navy to administer the funding, who in turn, contracted with Titan Salvage to do the work. These federal monies will fund just under 50% of project costs, and the Port will expend Port capital funds to complete the project.
- ***Pier 70 Investigation, Hazardous Materials Abatement*** – In 2010, Port staff requested, and House Speaker Nancy Pelosi agreed to carry, an appropriation request for \$3 million to continue the investigation and abatement project at Pier 70 started in 2009. Conversations between Port and Department of Defense staff left Port staff optimistic that this source of funding would be viable for the multi-year abatement effort. The new appropriation rules have changed that, however. Conservatively assuming no loosening of restrictions on congressionally directed spending in the near term, this year's Plan programs additional spending for this project out to years FY 2018-23.

United States Department of Transportation

Looking toward emerging sources of federal funding, the Port has been included in the City's request for inclusion in the next major transportation reauthorization act. Whether or not the Port's entry ultimately becomes part of new transportation authorizations and is funded, the scale of the potential benefit makes it worth noting. The Port could see funding from this source ranging from \$15-30 million. The candidate projects are:

- ***Cargo Way***: a $\frac{3}{4}$ of a mile roadway in the southeast section of San Francisco that is a primary access route serving a number of active development and redevelopment projects. The City has developed a plan to rebuild the roadway that would address a number of project goals, including providing direct access to support the Candlestick Hunters Point Shipyard Redevelopment Area, supporting the Port of San Francisco's maritime eco-industrial park, closing a gap and providing safe pedestrian and bicycle facilities along the Bay area's nine-county Bay Trail and the City's Blue Greenway, and improving Bay water quality by reducing a significant amount of waste water being sent to the City's over-capacity Southeast Water Treatment Facility. In addition, this project is included

in the San Francisco Bi-County Transportation projects and the Bayview Transportation Improvements projects.

- **20th Street Extension:** 20th Street within the Historic Pier 70 Area is the primary access route serving one of the City's most important historic districts. The existing 20th Street requires upgrading to accommodate modern transportation and infrastructure. This is needed in order to extend and connect the area into the regional transportation system, providing a connection to a planned 20th Street Ferry Terminal and closing a gap in the 9 county regional Baytrail system. An improved 20th Street will provide the necessary infrastructure to allow for significant new infill development and the adaptive reuse of some the City's most important historic resources.

Federal Grants

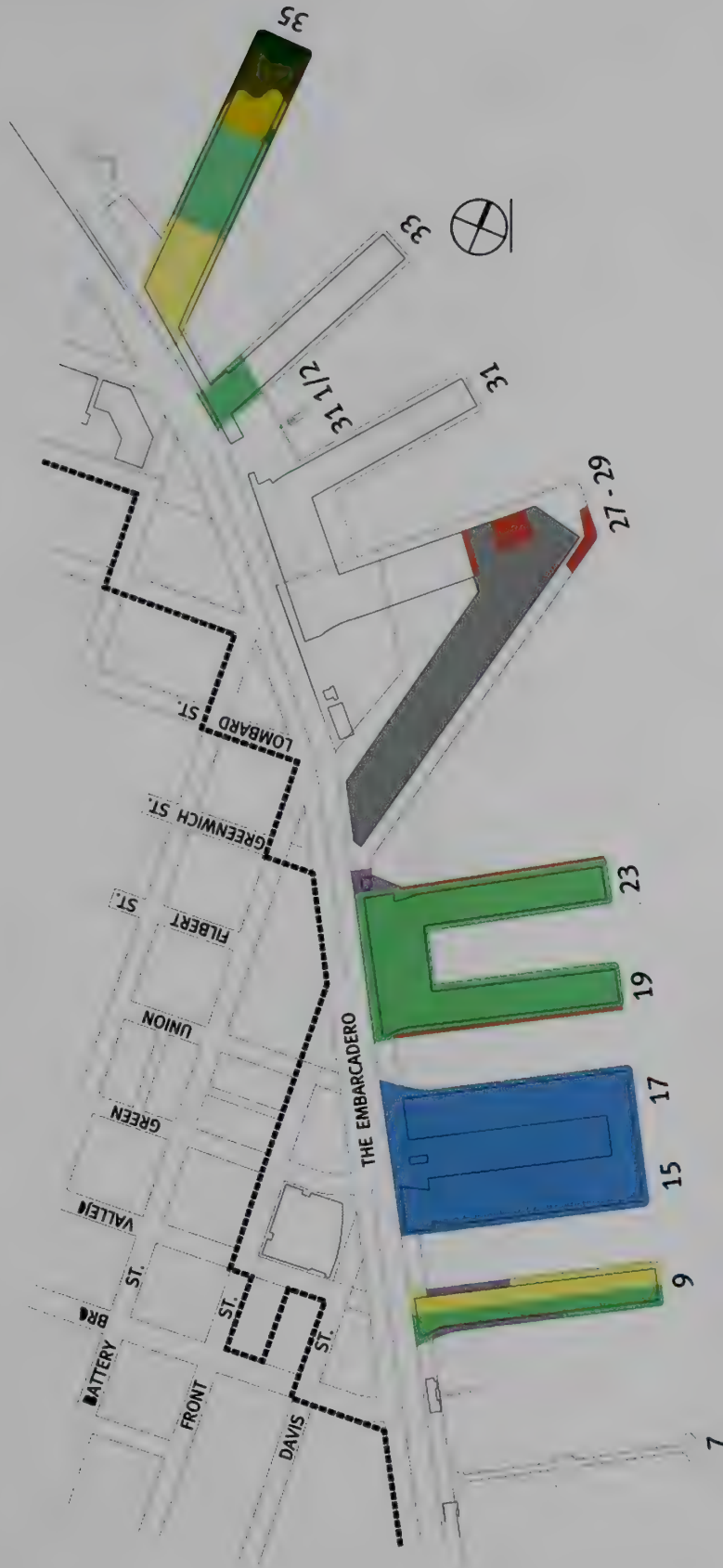
Port staff members have been in continuous pursuit of federal grant funding. In January 2011, FEMA made awards for applications submitted during grant years 2007, 2007 Supplemental, 2008, 2009 and 2010. The Port received the largest federal grant award to date, for four separate projects, totaling \$11 million. These projects will fund a number of different security improvements over the next year, with \$7.8 million going to provide comprehensive security improvements to the Pier 27 Cruise Terminal.

Additionally, Port staff were successful in pursuing a \$3 million award from the U.S. Department of Transportation, Federal Railway Administration (with the top scoring project, nation-wide) to improve reliability and efficiency of rail movement through track and switching upgrades to the Port's primary rail spur, the Quint Street Lead. This award is strategically important for the Port, as it supports the larger goal of (and is a necessary component to) creating a robust export terminal at Pier 96 serviced by six-axle locomotives.

Fisherman's Wharf



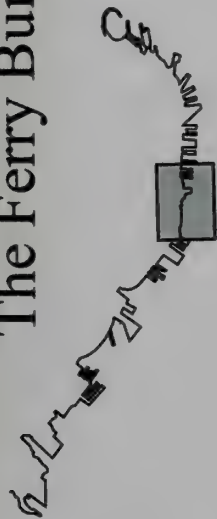
The Northeast Waterfront



Tenant Responsibility	Public-Private Development
Port Operating Budget	Federal Sources
Revenue Bonds	Certificates of Participation
Mixed Sources	General Obligation Bonds

SAN FRANCISCO BAY

The Ferry Building Area

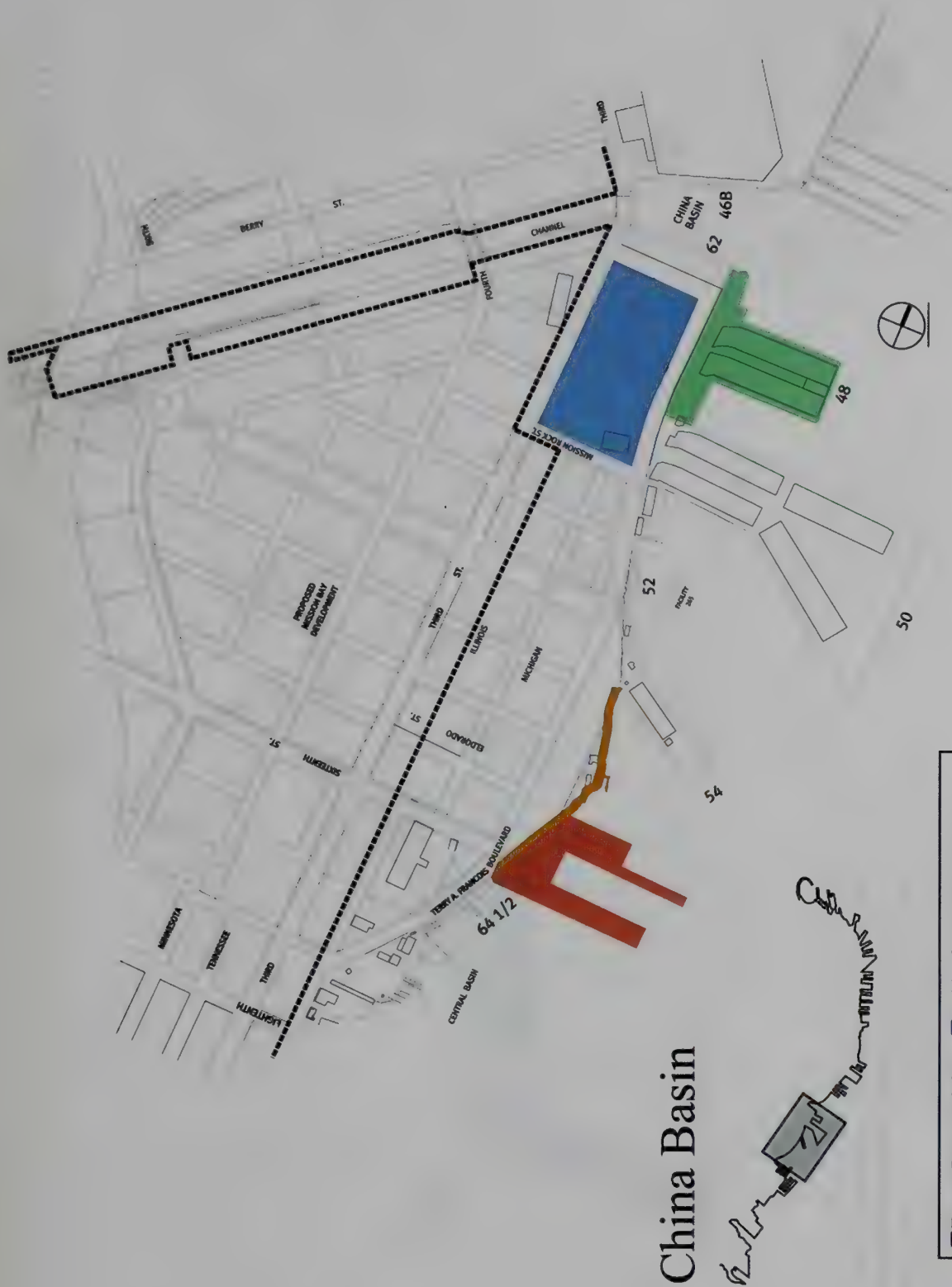


- Tenant Responsibility
- Port Operating Budget
- Revenue Bonds
- Mixed Sources
- Public-Private Development
- Federal Sources
- Certificates of Participation
- General Obligation Bonds

South Beach



Tenant Responsibility	Public-Private Development
Port Operating Budget	Federal Sources
Revenue Bonds	Certificates of Participation
Mixed Sources	General Obligation Bonds



- | | |
|-----------------------|-------------------------------|
| Tenant Responsibility | Public-Private Development |
| Port Operating Budget | Federal Sources |
| Revenue Bonds | Certificates of Participation |
| Mixed Sources | General Obligation Bonds |

The Southern Waterfront



VII. Conclusions

The Port's 10-Year Capital Plan continues to evolve since its inception six years ago. The Port has used the information that the Plan generates to develop and implement its legislative and financing strategies to redevelop the City's waterfront, fulfill its public trust mission, and reconnect the City with its waterfront.

In the historic context of development along the waterfront in support of the Port's mission, no capital improvement stands out more than construction of the new James R. Herman Cruise Terminal at Pier 27. On the eve of the Port's 150th anniversary, this long-envisioned, new bedrock to Port operations identifies San Francisco as a city hospitable to the cruise industry and as a custodian of the public trust, facilitating visitors to our great city.

Since the first Plan in 2006, the Port has used this document to guide a total in investment of approximately \$90 million in non-developer funding. The Plan provides a solid framework and confidence-building, holistic view of the Port to interested constituents, as well as to general audiences in the press. The Plan was integral to the Port's issuance of its revenue bonds, series 2010, as well as to the submittal and award of the City's bid to host the 34th America's Cup.

As a road-map, the Plan has enabled stronger application for Federal grant funding, and stronger footing for inclusion in future City-sponsored general obligation bonds. As a demonstration of the growing inadequacy of private equity alone to address the Port's capital infrastructure needs, the Plan served a vital role in supporting legislative changes to the Port's ability to develop Pier 70.

This year's FY 2013-22 10-Year Capital Plan has taken on more value as a planning tool than ever before. The continuing process of evaluating capital projects concurrently with the capital budgeting process is viewed widely among Port staff members as an improvement over the prior process, and has resulted in consensus on funding priorities that transcend divisional interests. As a more rigid planning tool with more emphasis on financial planning, the Plan is well-suited to the Port's institutional needs of FY 2013.

The suite of capital improvements the Port will undertake in preparation for the 34th America's Cup will not only further the Port's mission as a public agency in dramatic fashion, but support wider goals of the City and partnering agencies. Among other important improvements, removal of Piers ½ and 64 will continue the process of revealing Bay waters and vistas for users on either side of the shoreline, while simultaneously actuating key elements of Mayor Edwin M. Lee's 17-Point Jobs Plan that look to removal of blight and infrastructure improvement.

As the Port focuses on delivery of facilities for the 34th America's Cup, in particular, the new cruise terminal at Pier 27, the Under Pier Utility Infrastructure Program, as well as revenue bond and general obligation bond proceed funded projects over the next five years of the Plan, it is clear that the Port must pivot quickly to repurpose piers that are

used for the 34th America's Cup. The Port faces a loss of City General Fund subsidy for lost rent soon after the Match is over, and the Port must be prepared to transition these piers quickly back to another use to stabilize its revenues. This challenge also represents an opportunity for the Port to explore new methods of increasing returns to the Harbor Fund from use and/or development of the piers.

As Port staff examined and scored projects for this 2013-22 10-Year Capital Plan, Port staff noted a need to re-examine capital plan scoring criteria to further emphasize revenue generating projects over those that primarily support the Port's mission. Such a policy shift requires further consultation with the Port Commission, the Capital Planning Committee and the Mayor and the Board of Supervisors. As it has in past years, Port staff will continue to leverage currently available sources of land-based finance (revenue bonds, infrastructure financing districts, community facility districts, transferable development rights) with other sources of public and private funding to gap-finance its projects.

This Plan will continue to evolve, as the long journey ahead of the Port will, from time to time, bring new and unexpected challenges. The waterfront has seen a series of transformative events since the Loma Prieta earthquake in 1989: the removal of the Embarcadero Freeway, the Embarcadero Roadway project, the opening of AT&T Ballpark and the world-class Ferry Building rehabilitation project, among others. Hosting the 34th America's Cup will stand with these other achievements as a major inflection point in the transformation of the San Francisco waterfront.

The level of coordination between Port staff, the Mayor's Office and the Board of Supervisors that has unfolded over the last year during preparations for the America's Cup has been particularly welcome. Port staff has enjoyed working as part of a broader City team to deliver on an economic development project of City wide significance. In order to fulfill the promise of the 34th America's Cup – and to transition what will follow these exciting sailing events on San Francisco Bay – Port staff looks forward to continuing this cooperation.

As the Port staff moves quickly to realize this newly revealed future of the Port of San Francisco, this Plan will simultaneously ensure that we are protecting our enduring assets.

APPENDIX A – 10-Year Need Summary, by Facility

Definitions

Building Type: This is the fundamental structure type, where a ‘simple’ building is a warehouse or garage structure with limited subsystems, a ‘basic’ building is a standard commercial structure with appropriate subsystems, ‘small’ buildings are less than 5,000 square feet (and as such, the method for estimating costs for these structures is simplified), and a ‘pier’ is a pile supported over-water foundation structure (as distinct from a shed building that sit atop a pier).

Backlog: The accumulation of all overdue needed repair work, as of year one of this Plan.

10 Year Renewals: Costs for replacing building subsystems that will reach the end of their life between year one and year 10 of this Plan.

One Time Costs: Costs that are singular in nature, such as a seismic upgrade, as differentiated from the cyclical costs of replacing building subsystems at the end of their lifetime (e.g., many roofs at the Port are 30-year roofs, and as such, are on a 30-year replacement schedule).

10 Year Summary by Building

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Other One-time Costs	Backlog & 10 Year Total
5470H	Blue Shed Bldg (Wharf J-11)	SIMPLE	\$77	\$0	\$0	\$77
1840	Copra Crane	BASIC	\$789	\$0	\$0	\$789
1001	Downtown Ferry Terminal	BASIC	\$669	\$0	\$35,517	\$36,186
0000	Equipment	BASIC	\$0	\$0	\$15,890	\$15,890
2740	Fac. 200 - World Trade Club Restaurant	BASIC	\$298	\$1,752	\$778	\$2,828
2000	Fac. 2000 - Ferry Plaza	PIER	\$558	\$344	\$3,975	\$4,876
2750	Fac. 274-175 - Ferry Building Clock Tower	BASIC	\$0	\$326	\$317	\$643
2750	Fac. 274-275 Ferry Building	BASIC	\$0	\$7,945	\$7,724	\$15,669
2780	Fac. 278 Agriculture Bldg Substructure	PIER	\$4,991	\$0	\$2,736	\$7,727
2780	Fac. 278 Agriculture Building	BASIC	\$3,323	\$254	\$574	\$4,151
2750	Ferry Building: Fac. 274 - 275	PIER	\$0	\$0	\$0	\$0
6020	Freight Yard - Intermodal Container Transfer Facility	Street	\$3,525	\$10,336	\$28,292	\$42,153
4000	Harbor Office at Hyde Street	SMALL	\$0	\$0	\$530	\$530
1980	Heron's Head Park	BASIC	\$177	\$0	\$199	\$376
2500	Hyde Street Pier	PIER	\$0	\$0	\$0	\$0
2500	Hyde Street Pier - Storage Buildings (3)	SMALL	\$0	\$146	\$0	\$146
000	Leased Piers	PORT WIDE	\$0	\$41,090	\$0	\$41,090
1010	Pier 1	PIER	\$0	\$77	\$0	\$77
1010	Pier 1 - Office Building	BASIC	\$0	\$3,065	\$0	\$3,065
1015	Pier 1 1/2	PIER	\$0	\$0	\$0	\$0
1015	Pier 1 1/2 - Bulkhead/Shed Building	BASIC	\$0	\$248	\$0	\$248
1005	Pier 1/2	PIER	\$770	\$0	\$2,133	\$2,903
1140	Pier 14 (Public Pier)	PIER	\$0	\$0	\$0	\$0

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Other One-time Costs	Backlog & 10 Year Total
1150	Pier 15	PIER	\$15,747	\$0	\$14,615	\$30,362
1150	Pier 15 - Bulkhead/Shed Building (contains trailer	SIMPLE	\$2,852	\$526	\$3,609	\$6,987
1155	Pier 15/17 - Office on Marginal Wharf	SMALL	\$0	\$0	\$0	\$0
1155	Pier 15/17 Valley - demolition	PIER	\$8,389	\$0	\$0	\$8,389
1170	Pier 17	PIER	\$7,659	\$0	\$10,006	\$17,665
1170	Pier 17 - Shed Building	SIMPLE	\$2,950	\$691	\$3,028	\$6,669
1175	Pier 17 1/2	PIER	\$1,367	\$0	\$449	\$1,816
1190	Pier 19	PIER	\$8,358	\$0	\$8,990	\$17,348
1190	Pier 19 - Bulkhead/Shed Building	SIMPLE	\$1,817	\$158	\$2,537	\$4,511
1195	Pier 19 1/2	PIER	\$4,898	\$0	\$2,685	\$7,583
1195	Pier 19 1/2 - Bulkhead/Shed	SIMPLE	\$591	\$72	\$1,135	\$1,799
1020	Pier 2	PIER	\$4,078	\$0	\$1,946	\$6,024
2770	Pier 2 - Sinbads	BASIC	\$317	\$257	\$650	\$1,224
1225	Pier 22 1/2	PIER	\$2,186	\$8	\$946	\$3,140
1225	Pier 22 1/2 - Fire Station	BASIC	\$550	\$0	\$129	\$679
1225	Pier 22 1/2 - Maintenance / Recreation	SMALL	\$0	\$0	\$0	\$0
1230	Pier 23	PIER	\$5,819	\$0	\$9,572	\$15,391
1230	Pier 23 - Bulkhead/Shed Building	SIMPLE	\$1,518	\$214	\$2,602	\$4,335
1235	Pier 23 1/2	PIER	\$2,701	\$0	\$444	\$3,145
1235	Pier 23 1/2 Pier 23 Cafe	SMALL	\$0	\$0	\$0	\$0
1245	Pier 24 1/2	PIER	\$4,159	\$0	\$3,259	\$7,418
1245	Pier 24 1/2 -Bulkhead/Shed Building	SIMPLE	\$569	\$0	\$725	\$1,294
1260	Pier 26	PIER	\$14,218	\$0	\$14,286	\$28,504
1260	Pier 26 - Bulkhead/Shed	SIMPLE	\$1,977	\$1,063	\$3,334	\$6,374
1265	Pier 26 1/2	PIER	\$3,133	\$0	\$2,526	\$5,659
1265	Pier 26.5 - Bulkhead	BASIC	\$1,718	\$838	\$0	\$2,556
1270	Pier 27	PIER	\$477	\$412	\$19,387	\$20,276
1270	Pier 27 - Office Annex	SMALL	\$518	\$0	\$0	\$518
2275	Pier 27 - Office/Admin Building	BASIC	\$925	\$194	\$317	\$1,436
1270	Pier 27 Shed Building	SIMPLE	\$2,906	\$2,357	\$1,300	\$6,563
1280	Pier 28	PIER	\$10,432	\$0	\$12,175	\$22,607
1280	Pier 28 - Bulkhead/Shed Building	SIMPLE	\$1,913	\$421	\$1,995	\$4,329
1285	Pier 28 1/2	PIER	\$622	\$0	\$341	\$963
1285	Pier 28 1/2 - Hivide Restaurant	SMALL	\$0	\$0	\$0	\$0
1290	Pier 29	PIER	\$16,703	\$0	\$0	\$16,703
1290	Pier 29 - *Bulkhead/Shed Building	SIMPLE	\$4,346	\$260	\$4,018	\$8,625
1295	Pier 29 1/2	PIER	\$0	\$0	\$0	\$0
1295	Pier 29 1/2 - Bulkhead Building	SIMPLE	\$1,328	\$88	\$1,362	\$2,778
1030	Pier 3	PIER	\$7,464	\$0	\$5,774	\$13,238
1030	Pier 3 - Bulkhead/Shed Building	BASIC	\$0	\$400	\$0	\$400
1320	Pier 30 and 32	PIER	\$23,827	\$259	\$65,325	\$89,412
1310	Pier 31	PIER	\$10,769	\$0	\$15,329	\$26,098
1310	Pier 31 - Bulkhead/Shed Building	SIMPLE	\$2,770	\$1,274	\$2,466	\$6,509
1315	Pier 31 1/2	PIER	\$3,376	\$0	\$2,775	\$6,151
1325	Pier 32 1/2 Marginal Wharf (Brannon St)	PIER	\$0	\$0	\$30,015	\$30,015
1330	Pier 33	PIER	\$5,989	\$0	\$9,983	\$15,972

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Other One-time Costs	Backlog & 10 Year Total
1330	Pier 33 - Bulkhead/Shed Building	SIMPLE	\$1,809	\$1,389	\$2,307	\$5,505
1335	Pier 33 1/2	PIER	\$0	\$0	\$436	\$436
1335	Pier 33 1/2 - Bulkhead Building	BASIC	\$1,549	\$101	\$0	\$1,650
1345	Pier 34 1/2 Marginal Wharf	PIER	\$0	\$0	\$0	\$0
1350	Pier 35 - Bulkhead/Shed Building	BASIC	\$3,392	\$13,380	\$4,730	\$21,502
1355	Pier 35 1/2	PIER	\$0	\$0	\$4,757	\$4,757
1350	Pier 35 Cruise Terminal	PIER	\$13,807	\$241	\$16,239	\$30,286
1360	Pier 36 (to be demolished)	PIER	\$128	\$0	\$0	\$128
1360	Pier 36 - Bulkhead Building/Shed	SIMPLE	\$969	\$0	\$0	\$969
1380	Pier 38	PIER	\$33,115	\$0	\$14,911	\$48,026
1380	Pier 38 - Bulkhead/Shed Building	SIMPLE	\$280	\$1,445	\$2,879	\$4,603
1385	Pier 38 1/2	PIER	\$578	\$0	\$475	\$1,053
1390	Pier 39	PIER	\$0	\$0	\$0	\$0
1390	Pier 39 - Retail Shops	BASIC	\$3,819	\$11,265	\$6,779	\$21,863
1390	Pier 39 - Underwater World	BASIC	\$276	\$752	\$0	\$1,028
1395	Pier 39 1/2 Marginal Wharf	PIER	\$0	\$0	\$0	\$0
1400	Pier 40	PIER	\$19,439	\$0	\$9,587	\$29,026
1400	Pier 40 - Shed Building	SIMPLE	\$242	\$162	\$1,191	\$1,594
1405	Pier 40 1/2 (S Beach Harbor Wharf)	PIER	\$2,552	\$0	\$420	\$2,972
1405	Pier 40 1/2 - Java House	SMALL	\$0	\$0	\$0	\$0
1400	Pier 40 Restaurant & Robert Steck Chandelry	BASIC	\$49	\$187	\$207	\$443
1410	Pier 41	PIER	\$0	\$0	\$2,973	\$2,973
1415	Pier 41 1/2	PIER	\$0	\$0	\$0	\$0
1415	Pier 41 1/2 - Blue&Gold Bldg.	BASIC	\$0	\$686	\$383	\$1,069
1430	Pier 43	PIER	\$103	\$0	\$279	\$382
1430	Pier 43 - Arch	SMALL	\$0	\$219	\$0	\$219
1435	Pier 43 1/2	PIER	\$2,017	\$0	\$14,346	\$16,363
1435	Pier 43 1/2 - Franciscan Restaurant	BASIC	\$581	\$616	\$371	\$1,568
1435	Pier 43 1/2 - Red & White Tours	SMALL	\$0	\$0	\$0	\$0
1450	Pier 45	PIER	\$1,321	\$2,300	\$160	\$3,781
1450	Pier 45 - Shed A	SIMPLE	\$470	\$1,274	\$2,409	\$4,153
1450	Pier 45 - Shed B	SIMPLE	\$473	\$1,281	\$1,888	\$3,642
1450	Pier 45 - Shed C	SIMPLE	\$731	\$156	\$5,126	\$6,012
1450	Pier 45 - Shed D	SIMPLE	\$482	\$1,102	\$1,706	\$3,290
1461	Pier 46B China Basin Ferry Terminal	PIER	\$844	\$0	\$9,376	\$10,220
1470	Pier 47 - Guardinos Storage Bldg	SMALL	\$0	\$56	\$0	\$56
1470	Pier 47 - Scoma / Fish Prep Bldg	SMALL	\$0	\$52	\$0	\$52
1470	Pier 47 - Scoma Storage Bldg	SMALL	\$0	\$91	\$0	\$91
1470	Pier 47 - Scomas Restaurant	BASIC	\$341	\$1,075	\$321	\$1,737
1470	Pier 47 - Scomas Storage Shed	SMALL	\$0	\$20	\$0	\$20
1470	Pier 47 - Wharf J6, J7, J8	PIER	\$1,857	\$753	\$4,020	\$6,629
1470	Pier 47 WF Albert Seafoods Proc Bldg	SIMPLE	\$126	\$81	\$169	\$376
1480	Pier 48	PIER	\$7,722	\$1,489	\$1,407	\$10,619
1480	Pier 48 - Shed A	SIMPLE	\$1,585	\$381	\$0	\$1,966
1480	Pier 48 - Shed B	SIMPLE	\$1,628	\$391	\$0	\$2,019
1485	Pier 48 1/2 - Jellys restaurant	SMALL	\$0	\$0	\$0	\$0

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Other One-time Costs	Backlog & 10 Year Total
1490	Pier 49 - Aliotos Restaurant (Wharf J-1)	BASIC	\$0	\$375	\$313	\$688
1490	Pier 49 - Fisherman's Grotto No. 9 (Wharf J-1)	BASIC	\$0	\$582	\$486	\$1,068
1490	Pier 49 - Fisherman's Memorial Chapel	SMALL	\$0	\$146	\$0	\$146
1490	Pier 49 - Guardinos (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 - Sabella & Latorre (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 - Tarantinos Restaurant (Wharf J-1)	BASIC	\$0	\$227	\$185	\$412
1490	Pier 49 - The Crab Station (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 Nicks Lighthouse (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1050	Pier 5	PIER	\$0	\$0	\$0	\$0
1055	Pier 5 1/2 - Bulkhead Building	BASIC	\$0	\$293	\$0	\$293
1500	Pier 50	PIER	\$28,328	\$1,737	\$18,353	\$48,419
1500	Pier 50 - Shed A	SIMPLE	\$2,092	\$336	\$1,929	\$4,357
1500	Pier 50 - Shed B	SIMPLE	\$1,085	\$1,087	\$1,956	\$4,128
1500	Pier 50 - Shed C	SIMPLE	\$1,307	\$1,436	\$2,350	\$5,093
1500	Pier 50 - Shed D	SIMPLE	\$1,256	\$909	\$3,005	\$5,170
1505	Pier 50 1/2	PIER	\$0	\$0	\$346	\$346
2505	Pier 50 Administration Building	BASIC	\$1,682	\$576	\$504	\$2,762
1520	Pier 52	PIER	\$0	\$0	\$3,975	\$3,975
1540	Pier 54	PIER	\$30,117	\$0	\$8,254	\$38,371
1540	Pier 54 - Office Bldg	SMALL	\$487	\$0	\$0	\$487
1540	Pier 54 - Oil Shed	SMALL	\$116	\$0	\$0	\$116
1540	Pier 54 - Shed Building	SIMPLE	\$382	\$86	\$638	\$1,106
1540	Pier 54 - Storage Shed	SMALL	\$0	\$39	\$0	\$39
1600	Pier 60 - Wharf - wood piles	PIER	\$1,072	\$0	\$464	\$1,536
1600	Pier 60 - Wharf Carmen's Restaurant	SMALL	\$126	\$0	\$0	\$126
1640	Pier 64	PIER	\$2,650	\$0	\$1,719	\$4,369
1645	Pier 64 1/2 Kelly Mission Rock Resort Restnt	BASIC	\$0	\$179	\$0	\$179
1680	Pier 68	PIER	\$6,973	\$37,956	\$25,322	\$70,251
1075	Pier 7 - The Waterfront Restaurant	BASIC	\$281	\$227	\$157	\$665
1075	Pier 7 1/2	PIER	\$0	\$0	\$0	\$0
1070	Pier 7 Public Pier	PIER	\$0	\$0	\$0	\$0
1700	Pier 70	PIER	\$48,746	\$0	\$69,749	\$118,495
1680	Pier 70 - Pier 68 - Bathrooms Bldg. #141	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Beth Street Substation #2, Bldg. #50	SMALL	\$87	\$0	\$0	\$87
1680	Pier 70 - Pier 68 - Beth Street Warehouse Bldg. #30	SMALL	\$0	\$683	\$0	\$683
1680	Pier 70 - Pier 68 - Blast Shed Bldg. #150	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Boiler/Steam Power House - #103	SMALL	\$0	\$0	\$212	\$212
1680	Pier 70 - Pier 68 - Building #149	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Cable/Electric Shop - Bldg.#38	SIMPLE	\$771	\$0	\$5,900	\$6,671
1680	Pier 70 - Pier 68 - Checkhouse #1, Bldg. #122	SMALL	\$0	\$0	\$173	\$173
1680	Pier 70 - Pier 68 - Checkhouse #2, Bldg. #123	SMALL	\$0	\$0	\$84	\$84

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Other One-time Costs	Backlog & 10 Year Total
1680	Pier 70 - Pier 68 - Equipment Building #36	SIMPLE	\$281	\$42	\$2,406	\$2,729
1680	Pier 70 - Pier 68 - Machine Shop - Bldg. #105	SIMPLE	\$474	\$43	\$3,877	\$4,394
1680	Pier 70 - Pier 68 - near checkhouse #2, Building #51	SMALL	\$58	\$0	\$0	\$58
1680	Pier 70 - Pier 68 - Office Bldg (#127)	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Office Bldg Annex to #101, Bldg. #40	BASIC	\$1,376	\$0	\$306	\$1,682
1680	Pier 70 - Pier 68 - Office Building #101	BASIC	\$5,794	\$0	\$26,981	\$32,775
1680	Pier 70 - Pier 68 - Office Building #104	BASIC	\$4,022	\$0	\$18,287	\$22,309
1680	Pier 70 - Pier 68 - Office/Warehouse Bldg.- Bldg #111	BASIC	\$5,633	\$1,274	\$10,298	\$17,205
1680	Pier 70 - Pier 68 - Ops. Bldg #102	BASIC	\$789	\$0	\$877	\$1,666
1680	Pier 70 - Pier 68 - Pipe Rack, Bldg. #120	SMALL	\$0	\$0	\$45	\$45
1680	Pier 70 - Pier 68 - Pipe Storage Bldg #107	SMALL	\$0	\$210	\$0	\$210
1680	Pier 70 - Pier 68 - Sheet Metal/Tools Bldg #109	SIMPLE	\$1,112	\$707	\$494	\$2,313
1680	Pier 70 - Pier 68 - Shipwright Building -#108	BASIC	\$5,692	\$0	\$10,511	\$16,203
1680	Pier 70 - Pier 68 - Steel Shop Office (bldg #121)	SMALL	\$0	\$90	\$0	\$90
1680	Pier 70 - Pier 68 - Substation #4 (bldg #58)	SMALL	\$0	\$0	\$138	\$138
1680	Pier 70 - Pier 68 - Substation #6, Bldg. #64	SMALL	\$292	\$0	\$989	\$1,281
1680	Pier 70 - Pier 68 - Substation #7 (bldg #68)	SMALL	\$0	\$210	\$77	\$287
1680	Pier 70 - Pier 68 - Warehouse & 6-ton crane, Bldg. #49	SIMPLE	\$89	\$122	\$24	\$235
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #110	SMALL	\$572	\$0	\$748	\$1,320
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #119	SMALL	\$210	\$0	\$0	\$210
3450	Pier 70 - SWL 345 - Kneass Boatworks, Main Office/boat storage	SIMPLE	\$0	\$0	\$1,640	\$1,640
3450	Pier 70 - SWL 345 - Kneass, Pier 66 Boatyard Office	SMALL	\$292	\$0	\$0	\$292
3490	Pier 70 - SWL 349 - Auto Yard Shop Bldg #19	SIMPLE	\$186	\$0	\$1,094	\$1,280
3490	Pier 70 - SWL 349 - Beth Street Stress Relieving, Bldg. #16	SIMPLE	\$262	\$0	\$1,218	\$1,480
3490	Pier 70 - SWL 349 - Beth Street Warehouse, Bldg. #32	SIMPLE	\$338	\$0	\$1,500	\$1,838
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #24	SMALL	\$500	\$0	\$695	\$1,195
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #25	SMALL	\$0	\$217	\$53	\$270
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #29	SMALL	\$539	\$0	\$826	\$1,365
3490	Pier 70 - SWL 349 - Brass Foundry, Bldg. #115	SIMPLE	\$508	\$0	\$5,422	\$5,930
3490	Pier 70 - SWL 349 - Foundry, Bldg. #116	SIMPLE	\$508	\$0	\$5,422	\$5,930
3490	Pier 70 - SWL 349 - Test Room, Bldg. #23	SMALL	\$635	\$0	\$247	\$882
3490	Pier 70 - SWL 349 - UIW Machine Shop, Bldg. #114	SIMPLE	\$254	\$0	\$2,472	\$2,726

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Other One-time Costs	Backlog & 10 Year Total
3490	Pier 70 - SWL 349 Building #6 (condemned)	SIMPLE	\$1,087	\$0	\$6,738	\$7,825
3490	Pier 70 - SWL 349 Equipment Bldg - Bldg #14	SIMPLE	\$455	\$0	\$5,196	\$5,651
3490	Pier 70 - SWL 349 Heavy Machine Shop - Bldg #113	SIMPLE	\$2,429	\$0	\$28,616	\$31,045
3490	Pier 70 - SWL 349 Office Building - Bldg. #11 Noonan	BASIC	\$3,723	\$489	\$7,992	\$12,204
3490	Pier 70 - SWL 349 SF Shipyard Training Bldg 117	SIMPLE	\$638	\$0	\$10,111	\$10,749
3490	Pier 70 - SWL 349 Shop Building - Bldg #21	SIMPLE	\$236	\$0	\$3,576	\$3,812
3490	Pier 70 - SWL 349 Traffic Department Bldg. #12 & #15	BASIC	\$7,816	\$0	\$16,962	\$24,778
3490	Pier 70 - SWL 349 Traffic Dept. Shed - Bldg #66	SIMPLE	\$646	\$0	\$572	\$1,218
3490	Pier 70 - SWL 349 Warehouse - Bldg.2	SIMPLE	\$2,460	\$0	\$19,679	\$22,139
1800	Pier 80	PIER	\$8,839	\$2,584	\$59,705	\$71,128
1800	Pier 80 - Entry Canopy	SIMPLE	\$237	\$0	\$286	\$523
1800	Pier 80 - Gear & Maintenance Building	SIMPLE	\$952	\$85	\$1,010	\$2,048
1800	Pier 80 - Office Bldg #2	SMALL	\$0	\$0	\$0	\$0
1800	Pier 80 - Service Building	SIMPLE	\$1,181	\$1,240	\$802	\$3,222
1800	Pier 80 - Shed A	SIMPLE	\$4,006	\$1,962	\$22,633	\$28,601
1800	Pier 80 - Shed D	SIMPLE	\$2,897	\$1,233	\$4,377	\$8,506
1800	Pier 80 - Terminal Office	SMALL	\$259	\$0	\$0	\$259
2800	Pier 80 Administration Building	BASIC	\$2,479	\$2,774	\$2,033	\$7,287
1800	Pier 80 Office Bldg #1	SMALL	\$0	\$0	\$0	\$0
1090	Pier 9	PIER	\$11,347	\$0	\$9,325	\$20,672
1095	Pier 9 1/2	PIER	\$735	\$0	\$605	\$1,340
1090	Pier 9 Bulkhead/Shed Building	BASIC	\$8,436	\$3,120	\$3,329	\$14,885
1900	Pier 90	PIER	\$10,335	\$0	\$0	\$10,335
1900	Pier 90 - Fire Department Building	BASIC	\$72	\$48	\$162	\$282
1900	Pier 90 - Maintenance Bldg	SMALL	\$0	\$92	\$0	\$92
1900	Pier 90 - Old Powerhouse	SMALL	\$0	\$0	\$0	\$0
1900	Pier 90 - Storage Bldg	SMALL	\$0	\$34	\$0	\$34
1900	Pier 90 - Truck Pits	SMALL	\$0	\$95	\$0	\$95
1920	Pier 92	PIER	\$3,948	\$0	\$0	\$3,948
1940	Pier 94 - 96 wharf area	PIER	\$4,916	\$0	\$14,674	\$19,590
1940	Pier 94 - Wharfside Building	SMALL	\$0	\$0	\$0	\$0
1960	Pier 96 - Administration Building	BASIC	\$584	\$563	\$402	\$1,549
1960	Pier 96 - Bounty Restaurant	BASIC	\$770	\$111	\$152	\$1,033
1960	Pier 96 - Entry Canopy	SIMPLE	\$182	\$0	\$259	\$441
1960	Pier 96 - Exit Canopy	SIMPLE	\$108	\$20	\$153	\$281
1960	Pier 96 - Gatehouse Bldg	SMALL	\$0	\$212	\$0	\$212
1960	Pier 96 - Maintenance Building	BASIC	\$1,356	\$722	\$784	\$2,862
1960	Pier 96 - Office/Restroom	SMALL	\$0	\$125	\$0	\$125
1960	Pier 96 - Recycling/LASH Terminal	SIMPLE	\$2,312	\$4,692	\$4,828	\$11,832
1960	Pier 96 - Storage	SMALL	\$0	\$140	\$0	\$140
1960	Pier 96 - Truck Scales	SMALL	\$0	\$36	\$0	\$36
0000	Port-wide Projects	Port Wide	\$0	\$285,723	\$124,700	\$410,423

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Other One-time Costs	Backlog & 10 Year Total
4036	Street - 20th east of Illinois	STREET	\$422	\$0	\$0	\$422
4038	Street - 24th from Michigan to Maryland	STREET	\$587	\$0	\$525	\$1,112
4043	Street - Amador and extension	STREET	\$1,864	\$0	\$18,415	\$20,279
4022	Street - Broadway btw Embarcadero & Vallejo	STREET	\$464	\$0	\$66	\$530
4008	Street - Embarcadero from Taylor to Powell	STREET	\$0	\$0	\$0	\$0
4020	Street - Green between Davis and Front	STREET	\$154	\$0	\$0	\$154
3030	Street - Hyde Alley, Fish Alley	STREET	\$272	\$0	\$199	\$471
4001	Street - Hyde N of Jefferson to Hyde St Pier	STREET	\$220	\$0	\$0	\$220
4004	Street - Jefferson btw Jones and Leavenworth	STREET	\$114	\$0	\$0	\$114
4002	Street - Jefferson from Leavenworth to Hyde	STREET	\$119	\$0	\$890	\$1,009
4017	Street - Lombard btw Sansome and Embarcadero	STREET	\$164	\$0	\$0	\$164
4040	Street - Marin east of Michigan	STREET	\$154	\$0	\$530	\$684
3020	Street - Pier 47, Fish Alley, Al Scoma Way	STREET	\$367	\$0	\$0	\$367
4003	Street - R.H. Dana Dr. (Leavenworth) N of Jefferson	STREET	\$136	\$0	\$0	\$136
4033	Street - T. Francois along China Basin	STREET	\$462	\$0	\$0	\$462
4034	Street - T. Francois btw China Basin and Mission R	STREET	\$4,838	\$0	\$0	\$4,838
4006	Street - Taylor Street btw. Jefferson and Embarcadero	STREET	\$281	\$0	\$265	\$546
4041	Street - TN, IN, MN btw Tulare and Marin	STREET	\$809	\$0	\$0	\$809
3010	SWL 301 - Andre Boudin Pavilion	SMALL	\$0	\$0	\$1,590	\$1,590
3010	SWL 301 - Andre Boudin Restaurant	BASIC	\$0	\$146	\$0	\$146
3020	SWL 302 - Alioto Fish Co.	BASIC	\$0	\$480	\$410	\$890
3020	SWL 302 - Castagnola/Storage Bldg	SMALL	\$0	\$0	\$0	\$0
3020	SWL 302 - Crab Boat Owners Asso.	BASIC	\$356	\$0	\$70	\$426
3020	SWL 302 - Firewood Cafe	BASIC	\$0	\$121	\$103	\$224
3020	SWL 302 - Pompeis Grotto	BASIC	\$0	\$285	\$107	\$392
3020	SWL 302 - Port Harbor Office	SMALL	\$0	\$55	\$0	\$55
3020	SWL 302 - Scomas (Smoke House)	BASIC	\$0	\$70	\$124	\$194
3020	SWL 302 - United Shellfish Warehouse	SMALL	\$0	\$168	\$0	\$168
3030	SWL 302 Cal Shell Fish Shed	SMALL	\$0	\$0	\$0	\$0
3020	SWL 302 Castagnola Rest.	BASIC	\$0	\$459	\$383	\$842
3020	SWL 302 Coast Marine Supply Mat. Storage Bldg	SIMPLE	\$0	\$191	\$541	\$732
3020	SWL 302 Costal Marine Retail Space	SMALL	\$0	\$0	\$0	\$0
3020	SWL 302 D&G Co. d.b.a. Lou Blues	SMALL	\$0	\$537	\$0	\$537
3020	SWL 302 Franks Fisherman Supply	BASIC	\$89	\$260	\$212	\$561
3020	SWL 302 Substructure (Wharf J-9)	PIER	\$4,780	\$356	\$1,810	\$6,947
3020	SWL 302 United Shellfish Processing	SIMPLE	\$0	\$16	\$44	\$60
3030	SWL 303 - Alioto Fish Co,	BASIC	\$0	\$341	\$190	\$531
3030	SWL 303 - Cal Shell Fish	BASIC	\$0	\$288	\$126	\$414
3030	SWL 303 - Cioppinos/(Hoppe)	BASIC	\$0	\$601	\$296	\$897
3030	SWL 303 - Franceschis Restaurant	BASIC	\$0	\$118	\$96	\$214
3030	SWL 303 - GP Resources	SMALL	\$0	\$30	\$0	\$30

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Other One-time Costs	Backlog & 10 Year Total
3030	SWL 303 - SP Tarantino/Martell Ins	SMALL	\$0	\$0	\$0	\$0
3030	SWL 303 - The Bay Company, Hoppe, Arthur N.	BASIC	\$0	\$265	\$216	\$481
3110	SWL 311 Pier 39 Garage	SIMPLE	\$0	\$795	\$6,270	\$7,065
3130	SWL 313 Embarcadero Triangle Lot Assn.	SIMPLE	\$0	\$628	\$2,973	\$3,601
3150	SWL 315 Office Building (HHC Investment limited)	BASIC	\$0	\$4,470	\$3,425	\$7,895
3150	SWL 315 Parking Structure	SIMPLE	\$0	\$527	\$3,984	\$4,511
3160	SWL 316 Houston's Restaurant	BASIC	\$0	\$511	\$326	\$837
3170	SWL 317 Office Building	BASIC	\$0	\$7,236	\$3,758	\$10,994
3180	SWL 318 Roundhouse One	BASIC	\$323	\$813	\$521	\$1,657
3180	SWL 318 Roundhouse Two	BASIC	\$1,309	\$969	\$708	\$2,987
3180	SWL 318 Sandhouse	SMALL	\$0	\$210	\$0	\$210
3190	SWL 319 Fog City Diner	BASIC	\$0	\$308	\$120	\$428
3220	SWL 322 ABC TV	BASIC	\$0	\$9,725	\$4,389	\$14,114
3300	SWL 330 Restaurant and Apts. at Townsend	BASIC	\$0	\$1,837	\$1,941	\$3,778
3310	SWL 331 & 332 Delancey Street Foundation	BASIC	\$0	\$4,121	\$4,244	\$8,365
3430	SWL 343 Bluepeter Building	SIMPLE	\$403	\$41	\$502	\$945
3450	SWL 345 - SF Boat Works Office/Shop	BASIC	\$181	\$260	\$200	\$642
3450	SWL 345 - SF Boat Works Storage/The Ramp	SIMPLE	\$154	\$0	\$166	\$320
3520	SWL 352 - Backlands Redevelopment	BASIC	\$2,420	\$0	\$0	\$2,420
1620	Third Street Bridge House	SMALL	\$0	\$0	\$0	\$0
5470H	Wharf J-11	PIER	\$431	\$0	\$0	\$431
5470	Wharf J-4	PIER	\$1,039	\$84	\$0	\$1,123
1490	Wharfs J-1 and J-3 (Pier 49)	PIER	\$0	\$798	\$3,069	\$3,867
PORT TOTAL			\$575,727	\$510,031	\$1,124,738	\$2,210,495



SAN FRANCISCO PORT COMMISSION

**MAY 8, 2012
MINUTES OF THE MEETING**

**MEMBERS, PORT COMMISSION
HON. DOREEN WOO HO, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. FRANCIS X. CROWLEY
HON. LESLIE KATZ
HON. ANN LAZARUS**

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**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

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CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING MAY 8, 2012

1. CALL TO ORDER / ROLL CALL

Commission President Doreen Woo Ho called the meeting to order at 2:05 p.m. The following Commissioners were present: Doreen Woo Ho, Kimberly Brandon, F. X. Crowley, Leslie Katz and Ann Lazarus.

2. APPROVAL OF MINUTES – April 24, 2012

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. The minutes of the April 24, 2012 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

At 2:06 p.m., the Commission withdrew to executive session to discuss the following matters:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (DISCUSSION AND ACTION):

- a. Discuss existing litigation matters pursuant to Section 54956.9(a) of the California Government Code and Section 67.10(d) of the City and County of San Francisco Administrative Code.
 - *City and County of San Francisco v. Fascination Consumer Enterprises, Inc.*, San Francisco Superior Court Case No. CUD-09-629545, filed April 30, 2009; *In the Matter of the Samuel J. Conti Revocable Trust dated August 4, 2004*, San Francisco Superior Court Case No. PTR-10-293126, filed November 9, 2010; *City and County of San Francisco v. Randall G. Dick, an individual, sued in his capacity as the administrator of the Estate of Samuel J. Conti, et al.*, San Francisco Superior Court Case No. CGC-11-516596, filed December 14, 2011.

- Waterfront Watch and Does 1-10 vs. San Francisco Port Commission; City and County of San Francisco: San Francisco Board of Supervisors; San Francisco Planning Commission, and Does 11-20; America's Cup Event Authority LLC; San Francisco America's Cup Race Management; Golden Gate Yacht Club of San Francisco; Oracle Racing, Inc.; et al., and Does 21-50; Superior Court of California, County of San Francisco (Case No. CPF-12-511968)

(2) **CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR** – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative:**

- Property: Pier 9 South Apron
Person Negotiating: Port: Peter Dailey, Deputy Director of Maritime and Susan Reynolds, Deputy Director, Real Estate
*Negotiating Parties: Developer: Hornblower Dining Yachts: Terry McCrae, C.E.O.
- Property: AB 4052; 4111, lots 3 and 4; also known as Pier 70 Waterfront Site, located near the intersection of 22nd Street and Illinois
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Forest City Development California: Kevin Ratner

5. RECONVENE IN OPEN SESSION

At 3:32 p.m., the Port Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon made a motion to adjourn executive session and reconvene in open session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commissioner Brandon reported that the Port Commission unanimously approved the settlement of the existing litigation matter described in Item 4.A(1)(a): City and County of San Francisco vs. Fascination Consumer Enterprises, on terms described in the Settlement Agreement on file with the Secretary of the Port Commission.

ACTION: Commissioner Brandon made a motion not to disclose any other information discussed in executive session. Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENTS – The Port Commission Secretary announced the following:

A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment for Public Comments:

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report – Executive Director Monique Moyer reported the following:

- Port Tenants Partner with Mission High School to Reward Students

Monique Moyer - I'm sure many of you have read in the paper about the unique attributes of a certain high school principal at Mission High who has gone out of his way to uniquely encourage his students to improve their test scores every year, which would be music certainly to me as a parent and is probably music to the ears of many parents. This year, he boldly decided that if they improved their test scores, he would figure out how to get for them a dinner/dance cruise on the San Francisco Bay. Of course, they met his challenge full on and left him with a bigger challenge of raising the funds to accommodate this dinner/dance cruise on the Bay.

Today we are privileged to have Mission High School Principal Eric Guthertz, the man that I'm talking about. Hornblower Dining and Yachts where the cruise will take place this coming Saturday afternoon, BAE San Francisco Ship Repair, Pacific Waterfront Partners, Metro Stevedore Company, and the San Francisco Giants are joining with the Port of San Francisco in making this event happen. We are so pleased and proud to be able to enhance the lives of students in San Francisco in any way that we can, and we really appreciate the work of Mr. Guthertz.

Eric Guthertz - I am the very proud principal of Mission High School. I have been there for 11 years. I started as an English teacher there, and then I moved through as counselor, department chair, and now principal for the last four years. Mission, as you know, is the single most diverse school in San Francisco. Every community you could imagine is represented in Mission High School, and that's a range of incredible, beautiful students from every walk of life.

We love it at Mission, but we've had some challenges in the past, particularly around test scores. So three years ago, along with some other things we're doing on community vetting and really getting kids focused on college, we now have an over 85 percent rate of our students getting accepted to college. That's a huge deal because when I got there, it was somewhere around 50 percent.

We did some focus around the test scores. Three years ago, the challenge was if your test scores go up, I'll get a Mission High School tattoo. Lo and behold, the next year, when we get the results in the fall, I had to turn to my wife and say, which arm? So she's over here and Mission is over here and I won't show you, but I think there's an article you could look at.

The next year we said, if your scores go up, we'll find a famous chef to cook a meal for the school. Sure enough, the scores that year went up by 70 points, which was high. We were the highest in the district. We contacted Charles Phan from Slanted Door, who actually was a Mission High graduate. Craig Stoll and Sam Mogannam from Bi-Rite Creamery and Melissa Perello from the award winning Frances. They came and cooked a meal for the entire school last year on the field.

The end of last year, the challenge was if the scores go up, we would find a boat for a boat dance. Of course, there was a second place and a third place, which was eating worms. I would eat 25 live worms if I couldn't find a boat and we would have a fair on the field.

Sure enough, the scores went up. We've now hit almost 100 points in three years, which is the highest by far of any high school in the city. I actually was about to give up. I thought, we will never find a boat. I was literally about to eat the worms, and then lo and behold, Monique, Peter and Brad came through and the Hornblower. people heard about the story. I talked to my community school coordinator Brian Fox and within days, people were just jumping in to say, "We want to support this effort."

I want to thank the Port - Peter, Brad, Monique, the Giants, Hornblower, Metro Cruises, BAE SF Shipyard and the Pacific Waterfront Partners because they've come together to support the kids. As I drove out of the school, kids were literally running down the stairwell because we're distributing the tickets for Friday night's dance. They are so beside themselves with excitement. "What do I wear? Are we going to go in the water?" I'm telling them, "It's a boat. It'll go in the water. I promise you."

I want to thank you all. If you want to come down and wave at us as we take off at 5:30 on Friday, please feel free. Any time you want to come visit Mission High School, I'll show you around and I'll certainly show you our beautiful campus, our beautiful museum, and our students. Thank you so much.

Monique Moyer - I just want to echo the thanks to Peter Dailey and Brad Benson who helped make this happen, and to all of you who are here today that contributed to Mission High's dinner/dance cruise. It's a great thing. When you are here Friday night on the vessel, please keep a look out for the Coral Princess who will be here as one of our cruise ships.

- Foreign Trade Zone Seminar – June 7, 2012 at 9 a.m. at Pier 1

We have had a foreign trade zone at the Port of San Francisco since 1934. It pre dates World War II. We were the third foreign trade zone ever founded in the country, and we have been operating the foreign trade zone ever since.

As you recall, some years ago the Port of San Francisco took over the operations of the foreign trade zone. We had been contracting before. We are holding a seminar on June 7, 2012 at Pier 1. The seminar will provide attendees with an understanding of the program, how they might be able to compete in the global markets, and give them an application process and show them the cost benefits of participating in the foreign trade zone.

A foreign trade zone was established by the U.S. Congress in 1934. Goods coming in are duty free until they leave the foreign trade zone. There are thousands of foreign trade zones across the country, first at ports and then expanding to airports.

We are hopeful that organizations ranging from import/export companies to freight orders, customer brokers, distributors, etc. will join us on June 7 at 9 a.m. for a half-day seminar at Pier 1.

- May 16, 2012 – Special Port Commission at 9 a.m., Room 263, City Hall

We are proposing to hold a Special Port Commission meeting at 9:00 a.m. on Wednesday, May 16, 2012 at City Hall in Room 263. The purpose of the meeting would be to hear the various documents that would form the project known as SWL351/8 Washington. The hearing of those items is dependent upon whatever may happen during the appeal hearings the night before at the Board of Supervisors, but we will be holding a special meeting on May 16, 2012 and hopefully moving forward on a project that we have been pursuing now for a very long time.

- Call for Artists: San Francisco Port Pier 92 Public Art Project

As you know, we have grappled for a while about what to do with amazing grain silos that grace our waterfront along Islais Creek east of Third Street. After a lot of very thoughtful ideas that came our way, we've landed on an idea to showcase them with public art. As you know, the silos have seismic challenges, which would make it very hard for us to get on them and paint

them, for example. With the new electronic art, this is a way to enhance and beautify those great silos.

Through the Arts Commission, there is a request for qualifications that has just been published as of this past Friday. The request for qualification seeks an artist for the Pier 92 grain silos public art project at the Port. Those qualification requests are due July 9, 2012. They will be followed by a more formal proposal process with the artist or artists selected in November and with the hope of having the new art in place by the fall of 2013.

The funding for the project is coming from the Port's southern waterfront beautification fund. This is our first beautification project of such magnitude. We're excited about it and thanks to David Beaupre who has spearheaded this project. This is something that's happening in great cities around the world, including Paris and our very own City Hall was lit up almost a year ago now for one of the big tradeshow.

- Port Calls in May and Exciting News from Princess Cruises

You may have noticed a plethora of cruise ships lately, including the Celebrity Century, which is at Pier 35 today. Counting the Celebrity, we will have nine cruise ships in port in the next week. Several of them are Princess cruise ships that will be primarily at Pier 35. Pier 27 is out of use now as it is being constructed, but yet we're still managing to service our cruise industry, so we're very proud and excited about that.

In addition to having the ships up and down the waterfront, Golden Princess will be in dry dock beginning Thursday, May 10, 2012 at Pier 70 for a ten day retrofit. Then it will sail back to Pier 35 where it will reload.

On Sunday, May 13, 2012, Mother's Day, we will have a triple header of Princess ships. We'll have the Sea Princess at Pier 35 north with approximately 2,000 passengers, the Star Princess at Pier 35 south, approximately 2,600 passengers, the Island Princess at Piers 30, 32 another 2,600 passengers and a fourth Princess ship in dry dock.

We think that this is a record. It's certainly a record for the Port to have four Princess ships all in at once, and we think the only other ports that possibly have had that experience might be Fort Lauderdale or possibly one of the Caribbean ports, but this is a big coup for us and we're very excited about it. We will end our nine day stint with the Disney Wonder, which will be making her first cruise call of the year at Pier 35 south a week from Wednesday.

It will be a very busy week. The maritime staff will be on-call, working constantly. On Sunday, as a result of the three ships being in, there will be some street rerouting in front of Pier 35 from 6:00 a.m. to 2:00 p.m. to facilitate the ability to get the passengers and the supplies on and off. A lot

of jobs are going to be at the Port in the next nine days, and we're really proud. Kudos to all of the maritime staff for this great achievement.

For the first time ever, Princess cruises has decided to home port a ship beginning exactly a year from now in San Francisco for a full year. We definitely didn't ascribe to the "if you build it, they will come," but it is very gratifying to know that the new cruise ship terminal has attracted such attention and we will be having a home ported ship here in 2013.

I hope you all quickly book your cruises leaving San Francisco as I hear they are booking up already. You will have great choices, going to Alaska, Hawaii, or the Coast, so hurry up.

- **Budget Hearing at the Board of Supervisors** – The Port's annual budget hearing at the Board of Supervisors will take place on May 23, 2012 and if necessary, there'll be a second hearing on May 31, 2012. We invite everybody to come and support the efforts of the Port. This is, again, a difficult budget year for everyone, and we are no exception to that.

8. CONSENT

- A. Request authorization to accept and expend \$373,932 in Metropolitan Transportation Commission Regional Measure 2 Real-time Transit Information Grant Program funds for security improvements at the Port of San Francisco. (Resolution No. 12-41)
- B. Request authorization to award Construction Contract No. 2743, Pier 33½ Improvements Project, to Roebuck Construction, in an amount not-to-exceed \$2,835,000, and authorization for a contract contingency fund of 10% of the contract amount (or \$283,500), for a total authorization not to exceed \$3,118,500. (Resolution No. 12-42)
- C. Request authorization to execute a contract modification to Contract No. 2744R, Roundhouse 2 Heating, Ventilation and Air Conditioning Central Plant Upgrade Project, with EVRA Construction Co., to extend the original contract duration of 150 days by an additional 67 days and to increase the original contract amount by \$77,534 for additional scope of work. (Resolution No. 12-43)
- D. Request approval of the First Amendment to Exclusive Negotiation Agreement with San Francisco Waterfront Partners II, LLC, a Delaware limited liability company, in connection with the development of SWL 351 (located on the Embarcadero at Washington Street, adjacent to the 8 Washington parcel) to extend the term to October 31, 2012. (Resolution No. 12-44)

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution Nos. 12-41, 42, 43 and 44 were adopted.

9. PLANNING & DEVELOPMENT

- A. Informational presentation on the Revised Proposal for the Lease and Development of Seawall Lot 337 and Pier 48, adjacent to AT&T Park, bounded by China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay.

Phil Williamson, Project Manager - It is my pleasure to begin this informational presentation describing the revised proposal for Seawall Lot 337. In September 2010, the Port entered into an exclusive negotiation agreement (ENA) for the mixed use development of Seawall Lot 337 and the adjacent Pier 48 with Seawall Lot 337 Associates LLC., which includes the San Francisco Giants as a partner.

The ENA outlines a two-phase approach. Phase one allocates up to 30 months for the parties to reach agreement on a project plan and financial terms, culminating in a term sheet approval by the Board and the Port. Phase two allocates three years to complete the entitlement and permitting process, resulting in a disposition agreement and construction of the project.

To date, the Giants have completed 5 of 12, or 42 percent, of the phase one benchmarks, with the remaining seven benchmarks scheduled to be met over the next 11 months. Pursuant to the ENA, on March 15, 2012, the Giants submitted a revised proposal describing a mixed-use program that balances residential, office, retail, exhibition and parking uses distributed over a network of ten new city blocks, all within Seawall Lot 337 which is currently a service parking lot adjacent to AT&T Park.

The actual combination of uses will evolve as this project moves forward to meet market demands and to reflect community and regulatory concerns. Port staff is working closely with the Giants in twice-weekly meetings to review and critique the revised proposal. Our combined efforts this spring and this summer will produce a comprehensive term sheet for Port Commission review and approval later this year.

Recognizing the key role of community input to date, staff and the Giants will continue ongoing outreach to the Central Waterfront Advisory Group, the Mission Bay Citizens Advisory Committee, and appropriate regulatory agencies.

Jack Bair, Senior Vice President of the San Francisco Giants - The project is being done as a joint venture with Cordish Companies and the San Francisco Giants. Jon Knorpp works with the joint venture. He previously worked with Wilson Meany Sullivan and Catellus. Fran Weld worked with Struever Bros. and also worked for the Boston Red Sox, improving Fenway Park and the area around Fenway Park. Karen Alschuler, one of the preeminent land use planners and architects in the Bay Area and has done projects around the United States and the world, and we're happy to have her on our team.

Today we find ourselves in a very exciting spot. We survived the economic downturn. The real estate market in San Francisco is recovering, and we're ready to move full speed ahead. Over the past year, we have conducted extensive due diligence on the site conditions of Seawall Lot 337 and Pier 48, geotechnical, environmental, structural, transportation, marine engineering, and many others.

Our proposal is no longer conceptual in nature, but it's firmly rooted in reality. We are fully engaged with Port staff and working diligently on almost a daily basis on the project. You will find us several times a week at the Port offices, working with Phil, with Jonathan Stern, Byron Rhett, and many others as we tackle all of the issues that are posed by such a complicated and exciting development project. We're also working with the Mayor's Office of Economic Development, Mayor's Office of Housing, City Planning Department, and many other city agencies because a project of this magnitude involves a lot of coordination within the city family. Our collective goal is to reach agreement on a term sheet for the Port Commission's consideration by the end of this calendar year or hopefully before.

We are also in the process of reconnecting with many stakeholders that have an interest in our project. Regulatory agencies such as the State Lands Commission and the Bay Conservation Development Commission, Neighboring businesses and residents, UCSF, neighborhood and building associations, community advisory groups, such as the Central Waterfront Advisory Group and the Mission Bay CAC and city-wide organizations such as SPUR, the Chamber, the San Francisco Bike Coalition, etc.

Our revised proposal incorporated many of the suggestions made by support staff and by these advisory groups, neighbors, and community leaders throughout the first several years of this project. We were asked to do many things.

First, create a major public waterfront park, one that celebrates the Bay, that's activated and safe, sheltered from the wind with maximum sun exposure and opportunities for recreation, public assembly, contemplation, and wildlife.

Two, create additional open space from within the project itself for residents and workers to congregate, more of a local-serving open space as opposed to a regional and visitor-serving open space.

Three, differentiate Mission Rock from Mission Bay while respecting the Mission Bay street grid, preserving view corridors, and being mindful of adjacent land uses. We were told over and over again that Mission Rock should be more urban in character with a diversity of building types and heights, be pedestrian oriented with a more active street life and more energy, be a public destination from within Mission Bay, where residents, workers, and visitors can linger, hang out, and enjoy themselves.

Four, we were encouraged to build with some density, appropriate but sufficient to produce the desired economic benefits to the Port and help produce excess increment to help fund the Port's historic preservation and waterfront open space needs.

Fifth, create a flexibility of uses on certain parcels. To respond to market demand and help accelerate the completion of the entire project if faced with any economic uncertainties or obstacles that we didn't envision from the outset.

Six, concentrate the retail. The home-grown shops, restaurants, galleries, and the like in locations that are most likely to be successful. Not in every single block and not in every single corner because we don't want vacant retail storefronts. We want to concentrate them where it'll be most successful. Those places would be along the China Basin Park, along the Mission Rock Square, and in the street connecting the parking structure with the Lefty O'Doul Bridge.

Seventh, we wanted to create and we're asked to create a balanced and thoughtful approach to transportation planning, acknowledging that the ballpark exists and has demands and also that the new development will have demands but encourage the use of the adjacent public transit resources and other alternative modes of transportation.

Finally, we were asked to incorporate public trust uses. Public parks, preservation of maritime activities, provision of berthing of ferries and water taxis, creation of natural habitat areas, recreational water uses. Establishment of visitor serving retail that meets the trust requirements, but also is appealing to San Franciscans as themselves and to enhance the Bay Trail and the Blue Greenway.

Mission Rock consists of Seawall Lot 337, also known as Parking Lot A for the ballpark. It also consists of Pier 48, the northern portion of Terry Francois Boulevard, and the existing China Basin Shoreline Park. In all the development features, there will be 11 building sites, two major public parks, and a refurbished pier. The site is dramatic along the waterfront with bridge views, and it is an important connection from Mission Bay to downtown, a more dense public core of the city.

Within the site, we envision approximately 3.5 million square feet of build space which is approximately 1.3 to 1.7 million square feet of office, 650 to 1,000 residential units, 125,000 square feet of retail and over eight acres of public open space and parking.

The development has smaller block sizes and narrower streets to look and feel more urban, lively, and pedestrian oriented. This graphic shows you that in effect, our building sites are about half the size of the typical Mission Bay building site, so there's more streets that penetrate, smaller footprints for the buildings, much more human and pedestrian scaled.

The mix of uses envisioned for the buildings are offices and then retail down below. Parks and walkable streets are made to maintain a vibrant street life both during the day and at night. We also intend to hold the property long term and privately maintain the parks and the public spaces so that they're always clean, attractive, and inviting.

China Basin Park - more than five acres, it's a destination park along the China Basin Channel. It's a major contributor to the open space network in San Francisco. Its walkway links the Lefty O'Doul Bridge with Pier 48. It's diverse. It's split into three different rooms with different environments. It has a strategic placement of trees to create a comfortable climate because it can be windy there and we have to plan for that.

The first room closest to the Lefty O'Doul Bridge, is a hardscape room with a grove of trees, a cafe, and a statue or a public meeting point.

The second room is a recreation place for families to congregate, a relocated Junior Giants baseball field, volleyball, cafes, and a place that will be activated on the weekends, after work, and be a great place to hang out.

The third room is the great lawn that is big enough for festivals and concerts with more than 5,000 people. You can fly kites there. You could have lots of different public activities and festivals. The park is also flanked by a deck that is now behind the Junior Giants baseball field, where we envision having kayak and bike rentals so that people can access the water. There's a kayak launch just behind the kayak sales or rental place is located at Pier 48.

This slide shows a couple of precedents in parks. The Shake Shack in Madison Square Park in New York is extraordinarily popular. The second slide to the right is a Pinkberry yogurt shop at Santana Row in San Jose. Then you see the Warming Hut down to the right in Crissy Field and another public space where people are dining in a park-like setting. One of the things we want to do with the park is to create an active space all the time and that it doesn't feel windswept and unused, but feels like it's a place, a destination. It feels safe and it feels welcoming to our families.

The park also has a meandering pathway along its edge. It's not your typical linear pathway, but it's meant to highlight the views of the bridge, the ballpark. It has seating that are interspersed. It weaves in and out of native areas where birds and other animals can congregate. It also could be helpful with our sustainability plan.

We envision a rehabilitated Pier 48 made structurally sound with new aprons, a spruced up look, backlit and glowing at night. This slide shows you some uses of Pier 48. Other piers in the type of apron we could have at Pier 48, which would be attractive for dining.

Pier 48 can be used, not only for potential restaurant and museum in head house, but also regional trade shows, an event center, expositions for food, wine, furniture, design, other regional trade shows. We also envision possible manufacturing use in Pier 48.

Mission Rock Square is in the heart of the project. In the right-hand corner, there's a circle that shows where we're looking at. Since our previous proposal, we've moved this north so that it would be surrounded by all of the buildings. There are six buildings that surround this park. This park animates all of those buildings. It's about 1.5 acres in size and it's inspired by the great urban plazas and public squares around the world. Bryant Park, Madison Square Park in New York, and there are good examples in San Francisco that we can build upon such as Levi's Plaza, Jackson Square, and Washington Square.

The northern and the southern side of the park do not have a street where cars can pass. It's a pathway where people can walk directly from the building into the park itself. Create a better connection and a better park experience.

The park is surrounded by retail, dining, outdoor lounge areas, and it's perfect for events. It will have a festival environment on game days and be a great place to be. It also maintains a visual corridor from Channel Street from Mission Bay as it cuts through the park and leads to the water's edge.

The project also has about 125,000 square feet or so of retail, and this graphic shows you in pink where those retail places are likely to be, and they're concentrated around the parks and around the interior street off of Third. There's some retail on Third Street, but most of the retail's concentrated on the street that leads from the parking structure to the ballpark to mirror the likely foot patterns and traffic patterns of most patrons. On that street itself, we envision it being closed on game days and take on a festival environment.

We are also wanting to have a retail mix that is unique and different from other retail experiences that we've all encountered. We want it to be more homegrown, authentic, different, so that when people think of coming here, they think of coming to a place that's not just like every other place, but that it's a special environment, one where they would enjoy hanging out, lingering, and finding stores and opportunities that you might not find everywhere else. In effect, it would be a bit more like neighborhood street commercial district in San Francisco than a mall.

One of our other principles is to create a flexible mix of uses. We're going to have office and housing. Those will be the two economic drivers for our project, but exactly how much square foot of office and how much residential units will be built depends in part due to the market.

If we prescribe those uses now and gave ourselves no flexibility, then changes in the market condition could stall our project. What you see before you are

three different variations of possible mixes of uses, the brown being office and the yellow being residential.

The first mix is 1.7 million square feet of office and 650 residential units. Residential units are animated by water views and China Basin Park frontage. The offices are animated by the Mission Rock Square and are the seven building sites to the south.

In the second iteration, we march housing down to Terry Francois Boulevard. We still have a corporate campus office-type environment around Mission Square Park, but we've introduced some housing on the park as well, and this is a more balanced housing and office approach with 1,000 residential units.

Another variant on the more office populated version is to move some of the housing opposite the Mission Square Park and some of the office opposite the China Basin Park to create more diversity around both of those public open spaces. Our philosophy here is that we go for an entitlement that allows us to switch uses on some of the parcels. There are some of the parcels that will likely be housing and some that will likely be residential, but there will be other that are swing parcels.

Office space - Five to seven building sites. 1.3 million to 1.7 million square feet. It's ideally situated for a corporate campus or a hub for a high tech firm looking for an expanded San Francisco presence or a Silicon Valley firm looking for an easily assessable satellite operation. It's animated by the public square.

We envision 7,200 jobs created onsite in these offices, with about 10,000 off-site jobs created by the fact that these offices are located here. We also envision a young workforce, more likely to take public transit, bike, and populate the retail establishments after work.

This is a great site for residential. The demand is strong. The location has great water and bridge views and it has an active, vibrant, compelling street life down below. The connections to transit are strong, enabling people to live here and commute down south on the peninsula by Caltrain, by car and to downtown by Muni and the rest of the Bay area by BART. We think this is a great location to live and to work.

There's also a parking structure on the site that accommodates approximately 2,000 cars and is designed to be a shared parking resource, not building separate parking for the ballpark. We're building a parking resource that everybody will share together, and we'll operate it in a pioneering kind of fashion, where through pricing and incentives, we'll have people park there for a typical night game for perhaps an office or retail use, and that space would turn and also be used by a ballpark patron. This will reduce the subsidy that's needed for the garage and make it more economically viable, and it will also reduce the number of spaces that we need to build in terms of parking, which is everybody's goal.

Finally, this is a place, a destination that the city will embrace and love. We can give visibility to this destination like no one else when the 750,000 people watch our games on the broadcast and we highlight different restaurants and different housing opportunities and different park experiences that exist. We think that we can give visibility that will help market this and make this a destination that people will know about all over the world.

It also will produce compelling economics. We're negotiating economics right now. We'll have plenty of time to talk about economics this fall, but the projected cost for the development of this project is \$1.6 billion. That produces approximately \$1.6 billion in tax increment over the life of the project, most of which will be available to be used off-site on Port and city priority projects, as was envisioned when this RFP was first issued.

We look forward to working with the Port and taking this journey together with you. We've been on this journey for a while and we've ridden out a bad economic cycle. We're excited that we're back. The economy is now suggesting that we can move forward and we can get some buildings in the ground.

Commissioner Katz – This is a very exciting project. I'm looking forward to seeing the iteration or various iterations and I can probably speak for everyone here that we really appreciate all of the work you've put in, in terms of meeting with the community, getting community input, and working with the Port as well. I want to thank you for that.

Commissioner Crowley - What do you do with day parking during day games?

Jack Bair - That will be our biggest challenge and that's our biggest challenge now. We have up to 12 weekday day games a year, and we have limited parking resources for those games. Most of the people that drive to the games park within a 15 to 20 minute walk of the ballpark. We have space right now for about 3,200 cars, and a typical game would attract as many as 9,000 or more cars. We are trying to take care of our core 2,000 parkers for games, but for those games that are during the day when office workers and retail users are competing for those spaces, those will be the challenges that we deal with in terms of pricing probably more than anything else. We're also going to survey the neighborhood and look at other options for parking so that we can satisfy the demand that we have but those 12 or so weekday day games will be the biggest challenge and they are today.

Commissioner Woo Ho – Are the residential units going to be rental or condos?

Jack Bair - They're planned to be rental. Right now with the legislation SB 815, there's a 75 year ground lease term possible on this site, and the market is suggesting to us that rental is more practical and realistic than condo because of the life of the ground lease. We are still talking with Port staff about this issue as

we move forward, and we may have some additional ideas as we go along but right now they're all rental units.

Commissioner Katz - Going back to transportation, in terms of the transit needs, there'll be the Third Street rail. Is there any other public transit planned that would service this site?

Jack Bair - We've got the Mission Rock stop on the T-line from Muni. Obviously Caltrain is about two blocks away. It's not that much further to this site than it is to the ballpark, and we have a large ridership on Caltrain. We also have ferry service that's possible for this site as well as water taxi. There's even been talk of the high-speed rail having a stop in this location. This site is pretty well served by public transit and it links into BART and other public transit resources. This will be a convenient place to live for people who want to get around without using their car. It's also near the 280 off ramp that's particularly appealing to companies that are located in Silicon Valley. There's really good access to this site as well.

Commissioner Brandon - I just want to ditto that this is a very exciting project and a very exciting time for the Port. I truly look forward to discussing the financials because the whole picture will be great. I have one question for Phil. You stated that five benchmarks have been reached and seven to be completed, but on exhibit A it says six are complete but six more to be completed. I'm just wondering if one has or hasn't been completed.

Phil Williamson - I left off benchmark number one from my earlier calculus, so if you add benchmark number one to the completed list, we are at six.

Commissioner Brandon - Has the community outreach plan been submitted? If so, can you briefly describe it?

Phil Williamson - The community outreach program has been submitted. It will be a continuation of work that we've done through the RFQ and the RFP process, and even recently to reach out to stakeholders with some of the concepts we were exploring as part of the revised proposal. We would continue with that, and we're already starting to schedule meetings with the Central Waterfront Advisory group and with the Mission Bay CAC. We are discussing the successor group. As you know, the Rincon Point South Beach CAC is now on a hiatus and we're exploring the best way to interface with that community going forward. As we mentioned, there are state agencies and other regulatory bodies, like State Lands and BCDC that we will be reaching out to as well.

Commissioner Brandon - Will you also be reaching out to Potrero Hill?

Phil Williamson - Yes we will definitely be reaching out to the Potrero Boosters, they are very important constituency for this project. We've already done quite a bit of work. If you look through the revised proposal, you'll see some of the

project views from Potrero Hill acknowledging that that is a big issue for the project to address.

Commissioner Woo Ho - I would echo everything that we've heard from the other commissioners. This is a very exciting project. It's obviously a huge scale for the Port to embark upon, but I think as we've talked it's a brand new neighborhood for the city. My question is related to the development schedule. Is it going to be dependent upon getting any particular anchor tenants into the office buildings? Not necessarily taking an entire building, but certain occupancy. How is that going to affect how you phase your development and construction schedule?

Jack Bair - That's a good question. We are anticipating that we won't build spec office buildings. We'll build office buildings when we have a certain percentage of them leased out. To the extent that we have anchor tenants lined up, things will move very quickly. To the extent that we don't, they will move in phases as demand is created. It's one of the reasons we want flexibility with respect to the office and housing use, so that if we're finding some resistance in one market, we can look at the other market to push the development forward. The plan is to build out the project as the demand exists for the space. We're actively talking to tenants now. There's a lot of interest in this site, given its location, its drama. This is really a great site. Phil Williamson and I were just in Boston, where MIT's real estate graduate school program hosted an international competition on a particularly interesting development site. Which site did they choose? They chose this site. People came from Europe, from Canada, from Hong Kong and all across the United States to talk about this site and how exciting this site is. We have the requisite interest and we also have the recovering economy where we can move fairly quickly on this project. We are speaking to people who could be anchor tenants, who could occupy more than a few buildings. We have a great jumpstart. We're doing all this at the same time, and we're working with the Mayor's Office and others to locate and speak to businesses that we think are good candidates.

Commissioner Katz - You showed different scenarios for where the housing would be located. Could you go into a little bit more detail about some of the factors that would determine which approach might be taken?

Jack Bair - Some of the building sites have larger floor plates than others and are more amenable to the office product. There are some sites that have more height potential that might be amenable for the housing product and then there are also proximity to the water. There's a general philosophy that you scale down in height as you move towards the water edge. That also suggests what type of use could go in that building. We've looked at it. This is a balanced housing-office approach. The housing is along the water's edge. It steps down towards the water. We wanted to create a campus-like setting around the central square. That would be amenable for the office product, so that's what you see maintained here. We think that it makes sense for the housing to be along with terraces overlooking the China Basin Channel and the bridge views, and we

think those will be compelling units for people to live in. We thought that it made sense to march the housing down Terry Francois Boulevard rather than along Third Street, which feels like more of a commercial corridor that is probably more compatible with office. That's why we sort of visualized it this way.

Commissioner Katz - That's your preferred?

Jack Bair - It's not necessarily our preferred. Office is a better share of parking resources with the ballpark than housing because each housing unit has a certain amount of parking associated with it, whether it be one or less than one. A lot of people have cars that go along with the housing unit, and so that will require there to be more parking than the office use would require. We also like the optionality and we like the mixed use aspect of having a project that has a good balance between housing and office. So we're looking at the different options, and we're also going to be considering what the market suggests the best return will be and the speed in terms of getting the project done.

Commissioner Woo Ho – What is the configuration mostly in terms of size of units for the rental housing?

Jack Bair - That's a good question, and we haven't gone through the specifics about how many three, two, or one bedroom units we will be building. We've given a range at this point of 650 to 1,000 units. There will be approximately 2,000 residents onsite but we know that there'll be public interest in us having some diversity in the housing stock. We're going to need to balance those interests with the economics of the development of the retail.

Commissioner Woo Ho - It would seem you're going to get more younger people that are in transition versus people that are looking there for long term.

Jack Bair - Probably so, and also empty nesters. People who want to move back to the city. We think we're going to have different offerings.

Commissioner Woo Ho - So you may want a Zipcar center at your parking garage.

Jack Bair - I am sure we will have one, and we've even seen some pictures of the next iteration of car that can actually smoosh together and stack. We have one in our book. Fran found that picture which was really quite interesting. This whole area's evolving as the world is getting greener and more creative.

Commissioner Woo Ho - With the office building, if there are large enough anchor tenants, will they have ability to do corporate identity with those buildings or is going to be just Mission Rock and somebody would have their actual saying, "This is the so-and-so company building."

Jack Bair- I think that one of the appeals to locating here is that they will have the sign of their enterprise on the building, especially given the visibility of the

ballpark. I think that will probably be important to some potential tenants, but this is an issue that we'll have to work out with the community and with all the stakeholders to make sure that it's handled correctly. I suspect that certainly an anchor tenant type will want to have visual presence to say that we are here.

Commissioner Katz – With regards to the affordability component of housing, will there be a percentage of affordable units or how are you going to be addressing that?

Jack Bair - We've had conversations with the Mayor's Office of Housing and the district supervisor about the issue of affordable housing, whether to pay a fee in lieu to help some other affordable housing projects get done that don't have the finances to get done or whether to have inclusionary housing. I don't know if we're prepared to say exactly what we think the outcome will be. I think we know what the preference is at the moment. There is a lot of interest in generating some revenue to get affordable housing that's been stalled built. We'll basically take the guidance of the city on this issue.

John Knorpp – There's about a 9,000 unit housing stock that has not been addressed from a capital equity standpoint, so the city has quite a need right now for funds to build affordable housing. The former administration run by Doug Shoemaker and now Olson Lee both have a preference today for feeing out. It's not a social preference. It's simply that they just don't have the money to build the housing stock they have. We are in the middle of that ongoing conversation. It's a very positive conversation, but the city just has to find what the right path is and working with the Port to establish their affordable housing policy as well.

Commissioner Woo Ho – We look forward to updates as we go forward.

10. FINANCE & ADMINISTRATION

A. Informational presentation on the Port's 5-Year Financial Plan, Fiscal Year 2012/13 – Fiscal Year 2016/17.

Elaine Forbes, Deputy Director of Finance and Administration - I would like to give the Commission a high level summary of the Port's budget projections so that you can guide financial decisions over the next five year term. Consistent with Proposition A, which the voter's approved on November 3, 2009, the city and county now prepares a five-year financial forecast on every odd fiscal year. The city prepared its first plan last year. This is an even year, so the city is not preparing an updated financial forecast, but I wanted to bring you what it looks like with an update, given all the changes we've had with the America's Cup agreement, the recent COP decision, etc. I thought it would help the commission to see an update today.

As you may recall, the plan we produced last year had trends very similar to the city's general fund overall, with revenues growing at a slower rate than operating expenditures, unfortunately. Three percent on the revenue side on average and

four percent with operating expenditures. This resulted in two primary problems: operating budget deficits that we were facing to avoid pulling into fund balance and declining resources for the capital budget.

As you may recall, this last plan ended the projected period with a capital budget as low as \$8.3 million. The revised financial forecast actually reflects some of the same trends we saw in the last update. We do have growing operating expenditures that are similar in size. We also see budget deficits again in the same years, years three through five and declining capital resources allocated to capital.

The prior forecast ended with \$8.3 million. This projection ends with \$8.6 million, so we see those similar trends in this forecast. But this forecast does show some changes, notably we see much improved revenue projections. We also see that within this forecast we've met many substantial one-time needs associated with the America's Cup project. We've been able to support our new COP obligation and really invest in the improvements necessary for the race, which have long-term benefits to the Port and in phase one of the cruise terminal budget. Given all of those investments, it's notable to see that capital or the operating budget isn't declining further.

Why are revenues looking so positive? The Port, one of its key strengths is its diversity of revenue in our revenue base. Even in the financial downturn over the last four years, we've seen actual revenue growth at about four percent per year. This forecast shows about a five percent growth per year. 71 percent of this is associated with just general operating revenue enhancements and 29 percent is a result of development initiatives. This projection means that revenues will increase by \$17 million over the five year forecast, from \$68.9 million to \$85.9 million, which is that average growth rate of five percent.

Some of the key drivers are commercial industrial rents, which will increase by \$8.7 million over the five year period. Much of this increase reflects the improvement in the economy. You'll see it mostly in the first two years of the forecast.

Parking revenues are projected to increase by about \$4.4 million over the five year term, and that's due largely to the expansion of the meters located along Terry Francois Boulevard and Illinois Street in the southern waterfront.

Cruise is due to increase cruise calls and passenger capacity. We're projecting \$1.3 million increase. Also ship repair is projecting to show substantial growth of 34 percent.

The key development assumptions that are driving this revenue growth include leasing up our America's Cup's sites right after the event. Cruise terminals special events revenue that we're projecting about \$800,000 per year beginning in 2014/15. We've included the one-time land payment from the Seawall Lot 351 project, should the project be approved and increased rents as well.

You will see from the chart, this shows our revenue profile in the final year of the forecast period. You will see our real estate at 57 percent and parking at 21 percent. We have increasing and growing shares of our revenue portfolio from our parking program and our meter program; maritime at 19 percent and other operating revenues at 3 percent.

We are projecting that our expenditures will increase by about \$14.8 million, from \$91.2 to \$106 million with an average growth rate of three percent. The biggest driver is salary and fringe costs. Second is non-personnel inflation, which is reflecting CPI and debt service for our COP payment.

From the first plan that the city produced, the Port showed this trend that we were all very concerned about with this reducing allocation for capital, falling 37 percent of the five year forecast.

The new policy for capital funding, which the Port Commission approved in February 2012, requires that 20 percent of operating revenue be allocated to capital, and we have that goal of a 25 percent target. The budget I brought to you in February met that goal, but we did need to make some tradeoff decisions with the America's Cup cruise terminal financing. We used fund balance that would have otherwise accrued to the repair and replacement budget. So the revised budget that you'll be seeing after I get through the Board of Supervisors process very likely will not meet the capital policy in years one and two, but in years three, four and five, we will again begin to meet this policy.

When we were here in February, I told you that this policy would require tradeoff decisions between capital and the operating budget. I didn't realize how quickly we would have faced that tradeoff decision. It also requires tradeoff decisions between debt issuance for larger capital projects and pulling funding together for larger improvements and that ongoing repair and replacement requirement.

The policy that you've adopted will result in an average capital budget of \$9.6 million over the five year period, which is significantly better than we would have done had we not had this tradeoff and policy in place. You will notice that we are budgeting and showing necessary operating expenditure reductions to meet that policy in year three through five: In fiscal years 2014-15 (\$1.0 million), 2015-16 (\$0.2 million) and 2016-17 (\$2.8 million) in order to meet the policy requirement.

This is early advanced information for the finance team and for the divisions to start looking for those reductions or, hopefully, expansions in revenues because we know exactly what we need to do to meet the minimum policy at this point.

This graphic shows the bottom line is what we looked like before you adopted the policy and this is the adjustment. You see a seven percent growth over the

term of the forecast period so the policy is stabilizing and steadying those capital allocations.

In terms of the Port's financial strengths and weaknesses, I can't emphasize enough the diversity in the revenue streams and the business lines. That really has helped us weather downturns and will help us recover. We have constant and growing revenues. The financial policies are very strong. The 15 percent operating reserve, the debt service coverage, and now the new capital policy that forces us to make those tradeoffs so we can adequately fund capital and our ability to invest in significant resources for the 34th America's Cup and the cruise terminal project. It was notable that we were able to find the funding and reallocate to meet those needs.

In terms of weaknesses, we have limited sources for capital repair and replacement. We also will have difficulty finding operating budget reductions. The Port hasn't grown much relative to its obligations and we don't have a lot of discretionary programs or any discretionary programs that we could consider. Finding operating reductions to offset staff costs and work order costs in other departments is very difficult to find. In this forecast period, we have some reliance on one-time sources. There are development risks associated with those sources, for example, the Seawall Lot 351 Eight Washington project.

In terms of opportunities, we have a great opportunity to target our investment in Port assets at a level that maintains or expands our financial performance. In the report, we looked at three different potential development projects and considering our 2014 debt issuance to see what were the impacts of that debt issuance and the revenue that we're estimated at this time. What the results of that would be on the Port's capacity?

We discussed Seawall Lot 337, Pier 38 retenanting, and the Backlands project. You can see that in year three, it became worse because the debt was in place and the revenues weren't there. By fiscal year 2016/17, the result was a net increase of \$3.8 million. We had no more requirement for a budget reduction, and we met the 25 percent target.

It will be a careful review of our development opportunities and guidance on that planned 2014 issuance as a key opportunity for us to enhance our capacity to invest in capital.

As for next steps, Director Moyer already discussed the Board hearings coming up. We're in the process of finalizing the budget submission. I will return to you in July to present the final budget and will show you what the result is in all aspects, including capital in the policy. We will be participating in a more detailed review of the update to our financial forecast in preparation for the city's plan that will be issued next year.

Commissioner Woo Ho - First of all, I think of this as a cash-flow projection more than as a P&L (Profit & Loss) statement. For instance, you're counting IFD as sort of revenue, which is really an obligation over time to be repaid.

Elaine Forbes - You're correct.

Commissioner Woo Ho - So this is a cash flow projection more than it is a typical P&L.

Elaine Forbes - That's right. This is a budget projection that's based purely on cash flow.

Commissioner Woo Ho – The way you categorized, you classified bond proceeds or IFD financing as revenue.

Elaine Forbes - IFD from Eight Washington is not included in this projection.

Commissioner Woo Ho - I'm talking about your general terminology so I'm clear.

Elaine Forbes - We use the payment obligation for the bonds or for the obligation for COP as debt so it's an expense.

Commissioner Woo Ho - I think you all are very conscious and had done a great job to be very diligent about all the capital needs, which we're all aware of even with the \$2.2 billion which we're going to see in the next presentation. I have some questions about how you come up with the revenue projections and then I have a couple of questions on the cost side as well.

I trying to remember whether you are still using an average increase or you're actually doing a bottoms up, looking at what leases are coming up for renewal, what the market rate is for those pieces. I'm wondering whether there's a way for us to get a picture of what are the major leases that are coming up in the next five years. Those that are over 25 or 10 and over, set up like pie charts so we understand how the picture is going to change over time in terms of the opportunity to look at revenue increases.

Elaine Forbes - We do a bottom-up approach where we look at the entire portfolio and see what opportunities are coming up, for example, the releasing of the America's Cup facilities but we also assume average CPI as well. This question is best answered by Nate Cruz from our real estate division because he prepares the financial projections for the leases.

Commissioner Woo Ho - My other question, related to that, is that if we do have the leases that are coming up in the next five years versus using a three percent or a CPI increase, if we compared what the actual rents are today versus our rental rate parameters, what would the difference be? I'm trying to figure out whether there is more opportunity in terms of how we look at revenue over time and whether we are looking at it from the standpoint of the difference between

actual rents and parameter rents that we would charge at market today and what the differential would be so we understand the difference.

My other question is when these leases come up for renewal, whether we even have the ability, depending upon the tenant and the lease terms, to adjust parameter rent so we understand what the opportunity is versus just an average increase of the actual lease today.

Nate Cruz, analyst with the real estate division - The budget projections are based conservatively on current rent terms and current leases. As those expire, there is an opportunity to bring those back up to parameter rent and whatever the market might bear. For budget projection purposes, we're assuming that the leases that are in place, even if they terminate, are replaced with like-term leases.

Commissioner Woo Ho - For analytical purposes, I understand you're going to present this as a budget, if we could understand what your opportunity is going forward in terms of if you were just to do an analytical presentation, not a budget presentation, so we understand what the opportunity is because that helps us to understand, in addition to what we need to fund on capital, but what the actual trend line is on the revenue side versus the cost side.

What is the vacancy factor that you're using in your projections versus the rate increase. We talk about the improving economy, so I'm assuming that means the vacancy factor, which we've talked about before, was higher. Is it going down and what is the projection that you're using in your budget presentation?

Nate Cruz - Using that bottom-up construction of the budget, we typically look at each lease that's expiring and we assume that it would be replaced again with a like-term lease except in places that we know that there's a large opportunity to do re-leasing. For instance, where the America's Cup is going to hand over a large parcel that we'll have to re-lease, we factor that in on an individual basis.

Commissioner Woo Ho - What you're telling me is that if we have something that's vacant today, it's not leased but could be leased, that's not in your budget projection as an opportunity because you're basing it on the actual leases already in place and assuming that they aren't going to be re-leased, which is a valid assumption. I'm just looking at where the opportunities are for us because last time I heard it was a 15 percent vacancy factor. Maybe it's lower today.

Nate Cruz - It's lower overall, but depending on the type of space.

Commissioner Woo Ho - There's an opportunity that the vacancy factor goes down.

Nate Cruz - You're correct in describing our assumption for the vacancy rate. It's not, however, that specific to an individual lease hold. Even if we do lease up a space that's currently vacant, perhaps one other would remain vacant later.

Commissioner Woo Ho - I know there's turnover, but generally speaking the vacancy factor could go down, with the better economy.

Nate Cruz - Yes.

Commissioner Woo Ho - I understand what you're presenting to the city because you're going to get pressure. We want to understand where the opportunities are.

Monique Moyer - I would suggest that as a separate item. It's important to understand that what Elaine just presented you, to create those opportunities, relies a lot on the Port making the investment to create those opportunities. So some of the vacancies, non-leasable space until investment is made. That's a different conversation, as you pointed out. I would propose that we handle that separately and come back to that.

Commissioner Woo Ho - An example we're looking at is Pier 38. At the moment we're trying to upgrade that so it can be leased out again. I don't know what type of assumption you've made for Pier 38.

Elaine Forbes - Pier 38 is a really good example of what we're talking about. I put it in the staff report to show potential revenue opportunity from that site should it be leased out, but put it below the line because we haven't issued debt or found a plan of finance for the facility improvements yet. We're planning a 29.5 issuance in 2014. If that project is included in that, Pier 38 will generate revenues that will improve our overall look, but we would need to make that tradeoff. We would need to make that decision between potential investments and see which are the most beneficial to our assets and to our balance sheet.

Commissioner Woo Ho - On the cost side, we've talked about this before, but in your assumptions right now, unless there are changes, which the city would like to look at in terms of the benefits side. Obviously you can only put what you know is going to change but you're using current assumptions, which is very high, on the benefits side both on health and pension.

Elaine Forbes - That's correct. We've used the Controller's projections, which are very conservative. It's assuming the growth rate that would assume no labor givebacks in the five year projection. Natural wage increases and growth rates in our benefits and pensions that are similar and consistent with prior years. The Controller's Office spends a good deal of time looking at the agreements for our pensions and healthcare, but the projections that they use are conservative.

Commissioner Woo Ho - When you say conservative, meaning they're higher so they would be double digit increases more likely than single digit.

Elaine Forbes - Yes, they are higher. They're double digit increases but a smaller double increase is more likely the outcome.

Commissioner Woo Ho - So base salary is still probably in the low single digits.

Elaine Forbes - Yes, over the entire five year period, we're seeing base salary having a 17 percent increase, but benefits going on 30 percent per the Controller's estimate. Over the 11 years I've been in the city, I've been consistently surprised about how quickly benefits have gone up. There's recently been a ballot measure supported by the voters that helped us with pension costs, but healthcare benefits continue to rise. Hopefully this 30 percent is a 26 percent number, but I wouldn't imagine it being in the single digits, given my experience. Wages, 17 percent could be more like a 15 percent or 11 percent with the results of bargaining.

Commissioner Woo Ho - I think you're very focused on the right things in terms of the capital needs in trying to control the operating expenses, and some of it are uncontrollable with the health and pension, but the one area that hopefully we can continue to work on is the revenue enhancement side because I think there are some opportunities there.

Elaine Forbes - I agree completely with that assessment. That's where I see the most opportunity for us that is within our control but to improve our capacity is by targeting investment, targeting our resources to investments that generate good revenue for us.

Commissioner Woo Ho - With so many major projects in the pipeline, we want to make sure that we have the management and the infrastructure in place to do those projects well so we wouldn't want to cut in the areas that we shouldn't cut.

Elaine Forbes – Exactly and that's the other point I was trying to make is that it's hard for us to find operating cost reductions. That really won't be our plan of enriching our resources for capital because we haven't grown much and we do have new obligations. We've held the lid down on resource requests that we maybe should have made for our growing obligations.

Commissioner Woo Ho - Hopefully we can get the revenue increase to match the expense increase so that we don't do the wrong thing in terms of how we manage our ability to execute on both our existing as well as new development initiatives.

B. Request approval of the Port's 10-Year Capital Plan, FY 2013-22. (Resolution No. 12-45)

Daley Dunham, Special Projects - I'm here to request your approval of the ten-year capital plan as revised. I'll be relatively brief and look forward to the Q&A. The ten-year capital plan was originally presented on February 23, 2012. The fact that I'm standing here is a testament to big changes moving quickly. This is the first time that we actually updated the plan in the interim from the presentation to requesting your approval.

The revisions in the plan in front of you are almost entirely a restatement of other items that have been presented to you since February 23, 2012 in particular the LDA and Ms. Forbes' presentation just moments ago, the addition of COPs and a revised cruise terminal financing package. It's entirely on the sources side of the ledger. The needs side of the ledger remains unchanged at \$2.21 billion.

This is in the staff report that captures the changes on the revenue side of things. The one that jumps out immediately is a reduction of \$142 million in development project funding as the America's Cup event authority was removed as a source of development.

There are other offsetting changes. On the Port capital fund side, the original number was \$96 million, and it looks a lot like what Ms. Forbes just presented as the 9.6 average over the first five years, which raises the question why it was revised down to \$93 million, which looks like less. The first five years of the projection, capital funds are heavy in the beginning. Year five is actually 8.6 and then there's a pretty conservative escalation from there on out, which is why this is revised downward but this comports with what Ms. Forbes just presented.

I believe that the only item that hasn't been before the Commission prior to today is on the federal agency funding side of things, a reduction of \$7.5 million. As I noted in the staff report, \$6.3 million of that has been moved down to the cruise terminal. The funding package, the \$1.2 million reduction, is new. That is something we discovered in the interim. The way the FEMA money is arranged we had some costs that we had to write down that we don't believe are going to be eligible for reimbursement.

Looking at what this does to our overall trajectory, a change of \$142 million. Fortunately, we are still improving. The slope of this looks pretty constant for the past few years. We've increased our year-to-year sources for the last three years. In fact, this year is the highest number of sources we've ever indicated in the capital plan.

Initially, stacking it against our total need, our shortfall continues to diminish over the last three years. It's now down to just under \$1.4 billion, so that's a good trend. A shortfall of \$1.4 billion is a good trend.

This is the historic context for the Port, what we're looking at year to year. Moving forward, we will provide more economic context, not looking at just how we compare to ourselves but what kind of impact we have on the larger community and what kind of impact we have within the city family.

Looking at the job creation numbers that the capital planning committee uses, this plan, the Port's capital investments over the next ten years, looks to create over five thousand jobs. That's an average of over 500 a year, which is more than double the number of staff that the Port employs directly. Looking at that, it's hard to argue that the Port isn't a substantial jobs engine for the city and for the Bay.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 12-45 was adopted.

11. NEW BUSINESS

Commissioner Lazarus - Will we get a Pier 38 update in the near future?

Monique Moyer – I'm not prognosticating on when but yes.

12. PUBLIC COMMENT

13. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

Port Commission President Doreen Woo Ho adjourned the meeting at 5:00 p.m.



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NOTICE OF SPECIAL MEETING

**A SPECIAL PORT COMMISSION MEETING
IS SCHEDULED ON**

WEDNESDAY, MAY 16, 2012
9:00 A.M. - OPEN SESSION

AT

**SAN FRANCISCO CITY HALL
BOARD OF SUPERVISORS COMMITTEE ROOM
ROOM 263
1 DR. CARLTON GOODLETT PLACE
SAN FRANCISCO, CA 94102-4689**

(Please contact the Port Commission Secretary at 274-0405 for more information)

PROPOSED AGENDA ITEMS FOR THE MAY 16, 2012
SPECIAL PORT COMMISSION MEETING

- Adoption of the required California Environmental Quality Act Findings and the Mitigation Monitoring and Reporting Program in connection with the development of Seawall Lot ("SWL") 351 by San Francisco Waterfront Partners II, LLC, a Delaware limited liability company ("Developer") (located on the Embarcadero at Washington Street).
- Approval of the (1) Disposition and Development Agreement, (2) Lease No. L-15110 for a term of 66 years, (3) Purchase and Sale Agreement, (4) Trust Exchange Agreement, (5) Maintenance Agreement, all with San Francisco Waterfront Partners II, LLC, a Delaware limited liability company, and (6) Schematic Drawings; all in connection with the development of SWL 351 (located on the Embarcadero at Washington Street).

ACCESSIBLE MEETING INFORMATION POLICY

The Board of Supervisors' Committee Room (Room 263) in City Hall is wheelchair accessible. Meetings are real-time captioned and are cablecast open captioned on SF Cable 26. Assistive listening devices for the Committee Room are available upon request. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

The nearest accessible BART location station is Civic Center (Market/Grove/Hyde Streets). Accessible MUNI Metro lines are the F, J, K, L, M, N, T (exit at Civic Center or Van Ness Stations). MUNI bus lines also serving the area are the 5, 6, 9, 19, 21, 47, 49, 71 and 71L. For more information about MUNI accessible services, call (415) 701-4485.

There is accessible parking in the vicinity of City Hall at Civic Center Plaza and adjacent to Davies Hall and the War Memorial Complex. Accessible curbside parking is available on Dr. Carlton B Goodlett Place and Grove Street.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

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NOTICES

Prohibition of Ringing of Sound Producing Devices

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Lobbyist Registration and Reporting Requirements

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NOTICE OF CANCELLED MEETINGS

THE FOLLOWING SPECIAL AND REGULAR PORT
COMMISSION MEETINGS ARE CANCELLED:

MAY 16, 2012 AND MAY 22, 2012

A SPECIAL PORT COMMISSION MEETING
IS SCHEDULED ON

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MAY 11 2012

MAY 29, 2012

2:00 PM CLOSED SESSION

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3:15 PM OPEN SESSION

PORT COMMISSION HEARING ROOM

FERRY BUILDING, S.F. CA 94111

(For more information, please contact the Port Commission Secretary at 415-274-0405)

ACCESSIBLE MEETING INFORMATION POLICY

FERRY BUILDING:

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SAN FRANCISCO PORT COMMISSION

Doreen Woo Ho, President
Kimberly Brandon, Vice President
Francis X. Crowley, Commissioner
Leslie Katz, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax 415-274-0412

AGENDA SPECIAL MEETING

TUESDAY, MAY 29, 2012
2:00 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO CA 94111

PLEASE NOTE THE DATE & TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Port Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk. If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's Office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES – May 8, 2012
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION
 - A. Vote on whether to hold closed session.

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An Executive Session has been calendared to discuss the following matters:

- (1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY
NEGOTIATOR – This is specifically authorized under California Government

Code Section 54956.8. ***This session is closed to any non-City/Port representative:**

- a. Property: Seawall Lot 351 (located on the Embarcadero at Washington Street)
Person Negotiating: Port: Jonathan Stern, Assistant Deputy Director, Planning and Development
*Negotiating Party: San Francisco Waterfront Partners II, LLC: Simon Snellgrove

Under Negotiations: ____ Price ____ Terms of Payment X Both
In this executive session, the Port's negotiator seeks direction from the Port Commission on the appropriate price and terms of payment for the development of the property. The Port intends to discuss the factors affecting the price and terms of payment for the development of the property to maximize the City's return based on these factors. The executive session will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California.

- b. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

Under Negotiations: ____ Price ____ Terms of Payment X Both
Pursuant to Resolution No. 10-32, the Port Commission awarded to the non-Port party an exclusive negotiation agreement with the Port for the lease and development of the property. In this executive session, the Port's negotiator seeks direction from the Port Commission on rent structure, financing mechanisms and other factors affecting the form, manner and timing of payment of the consideration for the lease and development of the property. The executive session will enable the Port Commission to develop a negotiating strategy tailored to maximize the City's return based on these factors. In particular, the executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California.

- c. Property: Piers 30/32 and Seawall Lot 330
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development and Brad Benson, Special Projects Manager
OEWD: Jennifer Matz, Ken Rich, Tansem Drew
*Negotiating Party: Golden State Warriors: Rick Welts, Jesse Blout, Michael Cohen

Under Negotiations: ____ Price ____ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding price and/or terms of payment for the potential lease, disposition and development of real property interests in Piers 30-32 and Seawall Lot 330, including potential exclusive negotiating rights for such real property interests. In this executive session, the Port's negotiators seek direction from the Port Commission on rent structure, financing mechanisms and other factors affecting the form, manner and timing of payment of the consideration for the property interests. The executive session will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67-12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:

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- B. Announcement of Time Allotment for Public Comments:

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report

- Two Ships in Port for the 75th Golden Gate Bridge Anniversary
- Results of May 13, 2012 Triple Header Cruise Day
- Commissioner Kimberly Brandon, Honoree at the San Francisco Business & Professional Women's Club Sojourner Luncheon – June 16, 2012 at the Marines' Memorial Club and Hotel

8. CONSENT

- ### **A.**
- Request approval of travel for two representatives of the San Francisco Port Commission to Newport, Rhode Island, to observe best practices for hosting the 34th America's Cup in San Francisco. (Resolution No. 12-49)

9. PLANNING & DEVELOPMENT

- ### **A.**
- Request adoption of the required California Environmental Quality Act Findings and the Mitigation Monitoring and Reporting Program in connection with the development of a triangular lot located at Washington Street and the Embarcadero having an address at 8 Washington Street together with Seawall Lot ("SWL") 351 by San Francisco Waterfront Partners II, LLC, a Delaware limited liability company. (Resolution No. 12-46)

Request approval of the (1) Disposition and Development Agreement, (2) Lease No. L-15110 for a term of 66 years, (3) Purchase and Sale Agreement, and (4) Maintenance Agreement, all with San Francisco Waterfront Partners II, LLC, a Delaware limited liability company, (5) Trust Exchange Agreement with the California State Lands Commission, and (6) Schematic Drawings; all in connection with the development of SWL 351 and adjacent private parcel at 8 Washington Street (located on the Embarcadero at Washington Street). (Resolution No. 12-47)

- ### **B.**
- Request approval to appoint the Office of Economic and Workforce Development as lead negotiator on behalf of the City and Port in all negotiations with respect to the proposed Warriors Arena Project at Piers 30-32, Pier 70 Projects and Mission Rock Project at Seawall Lot 337 and Pier 48. (Resolution No. 12-48)
- ### **C.**
- Informational presentation on the Pier 70 Crane Cove Park Planning and Design.
- ### **D.**
- Informational presentation on a proposed design for Teatro Zinzanni related to a proposed lease of a portion of Seawall Lot 324, at the corner of Broadway and the Embarcadero.

- E. Informational update on status of Port infrastructure work, tenant relocation and other Port obligations under the Lease Disposition Agreement in preparation for America's Cup Events in 2012 and 2013.

10. FINANCE & ADMINISTRATION

- A. Accept the Port's Biannual Report on Contracting Activity for Fiscal Year 2011/12 (July 1, 2011 through December 31, 2011).

11. NEW BUSINESS

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission Meeting, Subject to Change)

- Informational Presentation on the proposed Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (June 12, 2012)
- Informational presentation on the issuance of a Request For Qualifications (RFQ) for a Cruise Terminal Passenger Operations and Conference and Special Events Management Agreement at the Pier 27 James R. Herman Cruise Terminal (June 12, 2012)
- Informational update on status of Port infrastructure work for America's Cup Events in 2012 and 2013 (June 12, 2012)
- Informational presentation regarding the National Park Service selection process for a proposed embarkation site for ferry service between the northern San Francisco waterfront and Alcatraz Island (June 12, 2012)
- Informational presentation regarding budget changes resulting from the dissolution of the Redevelopment Agency and consideration of proposal to increase rates and charges at the South Beach Marina (June 12, 2012)
- Request approval of a Memorandum of Understanding between the Port and the San Francisco Police Department for marine unit premises located at Hyde Street Harbor (June 12, 2012)
- Informational update on status of Port infrastructure work for America's Cup Events in 2012 and 2013 (July 10, 2012)
- Request approval of proposal to increase rates and charges at the South Beach Marina (July 10, 2012)
- Request approval of the proposed Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (July 10, 2012)
- Request authorization to issue Request for Proposals for a Restaurant Opportunity Site located at 295 Terry A. Francois Boulevard, adjacent to Pier 50 (July 10, 2012)
- Request approval to enter into agreements with the San Francisco Municipal Transportation Agency and the regional bike share program operator to use Port property for the Bay Area Regional Bike Share Pilot Program (July 10, 2012)
- Informational update on status of Port infrastructure work for America's Cup Events in 2012 and 2013 (August 14, 2012)
- Request approval of proposed San Francisco Bay Conservation and Development Commission Special Area Plan amendment for Pier 27 Cruise Terminal and Northeast Wharf Project and 34th America's Cup Project amendments to the BCDC Special Area Plan (Date to be determined)
- Informational presentation on the status of yellow tagged Port facilities (Date to be determined)
- Request authorization to award Construction Contract No. 2723, Pier 70 Building 113 Stabilization (Date to be determined)
- Request authorization to award As-Needed Engineering and Related Professional Services (Date to be determined)

- Request approval of Lease No. L-14957 with Paul's Stores, Inc. DBA Cost/Less Inventory Services, a California Corporation for a term of twenty-four months for premises located at Pier 70, Building 2, and containing approximately 69,358 square feet (Date to be determined)
- Request approval to enter into an Exclusive Right to Negotiate Agreement (ENA) with Kinder Morgan Operating LP, owned by Kinder Morgan Energy Partners LP, to negotiate terms for entering into a lease of Port property to design, finance, build and operate a bulk cargo marine terminal at Pier 96 (Date to be determined)

JUNE/JULY 2012
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
June 12	2:00 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
July 10	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable). Contact Amy Quesada at 274-0406 or amy.quesada@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Rip Malloy @ 274-0267 or rip.malloy@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the 2nd Thursday of the month at 5:00 p.m. at 1700 Owens Street, 2nd Floor. Parking validation is available. Contact Catherine Reilly, San Francisco Redevelopment Agency, at catherine.reilly@sfgov.org

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis (the FOURTH MONDAY OF JANUARY AND THIRD MONDAYS IN APRIL, JULY, and OCTOBER), starting at 5:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BDCD, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

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MEMORANDUM

May 24, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of travel for two representatives of the San Francisco Port Commission to Newport, Rhode Island to observe best practices for hosting the 34th America's Cup in San Francisco

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

The America's Cup racing returns to the United States in June 2012 when the America's Cup World Series brings nine of the top sailing crews in the world to Newport, Rhode Island. The American team, ORACLE TEAM USA, currently leads the AC World Series by one point, so the final stop on the 2011-12 AC World Series circuit will determine the overall winner of the first-ever season.

Newport, Rhode Island will host a festival of sailing from June 23 to July 1, 2012 culminating with the America's Cup World Series race on June 26 through July 1, 2012. The series will climax on the final Sunday, when both the event and season champion will be crowned. The next Louis Vuitton Cup, America's Cup Challenger Series (July-August 2013) and America's Cup Match (September 2013) will be held for the first time in San Francisco Bay.

Attached, for your approval, is a resolution authorizing Port Commission President Doreen Woo Ho and Vice President Kimberly Brandon to travel to Newport, Rhode Island on June 27-30 2012. This trip will give the Port Commissioners an opportunity to gather some preliminary information and observations to ensure the success of and best practices for the America's Cup Race in San Francisco. The cost of this trip is covered in the Port Commission's Fiscal Year 2012-2013 budget.

THIS PRINT COVERS CALENDAR ITEM NO. 8A

**PORT COMMISSION
CITY & COUNTY OF San Francisco**

RESOLUTION NO. 12-49

- WHEREAS, In 2013, San Francisco will host the internationally-renowned America's Cup including the Louis Vuitton Challenger Cup Series and the America's Cup Final Match; and
- WHEREAS, San Francisco will host two preliminary America's Cup regattas in August 2012 and October 2012; and
- WHEREAS, The Port of San Francisco is making a significant investment in Port facilities to house much of the America's Cup Events; and
- WHEREAS, The America's Cup World Series event in Newport, Rhode Island offers an opportunity for representatives of the San Francisco Port Commission to gather preliminary information and observations to ensure the success of and best practices for the America's Cup Race in San Francisco; and
- WHEREAS, The cost of this trip is covered in the Port's Fiscal Year 2012-2013 budget; now, therefore be it
- RESOLVED, That the Port Commission hereby approves this travel request.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 29, 2012.

Secretary



MEMORANDUM

May 24, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director *MMoyer*

SUBJECT: Request adoption of the required California Environmental Quality Act Findings and the Mitigation Monitoring and Reporting Program in connection with the development of a triangular lot located at Washington Street and The Embarcadero having an address at 8 Washington Street together with Seawall Lot ("SWL") 351 by San Francisco Waterfront Partners II, LLC, a Delaware limited liability company ("Developer"). (Resolution No. 12-46)

Request approval of the (1) Disposition and Development Agreement, (2) Lease No. L-15110 for a term of 66 years, (3) Purchase and Sale Agreement, and (4) Maintenance Agreement, all with San Francisco Waterfront Partners II, LLC, a Delaware limited liability company, (5) Trust Exchange Agreement with the California State Lands Commission, and (6) Schematic Drawings; all in connection with the development of SWL 351 and adjacent private parcel at 8 Washington Street (located on the Embarcadero at Washington Street). (Resolution No.12-47)

Director's Recommendation: Approve the Attached Resolutions

SUMMARY

The purpose of this memorandum is to provide the Port Commission and the public with information and analysis regarding Port staff's recommendation to approve the development of SWL 351 in conjunction with the adjacent 8 Washington property (the "Project"). The Port approval actions needed for the Project include approval of California Environmental Quality Act Findings, the Disposition and Development Agreement, Lease No. L-15110, the Purchase and Sale Agreement, the Trust Exchange Agreement, the Maintenance Agreement, and the Schematic Drawings.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

Port staff recommends approval because the Project activates a vital piece of the City's waterfront and fills a seam in the city fabric still remaining from the removal of Interstate 480, the Embarcadero freeway. Additionally, the Project contributes strong financial returns to the City and the Port. Specifically, the Project generates \$3 million in near term payments, enhances long term revenue and provides the Port with new mechanisms to participate in the long term appreciation of the Port's real estate asset that will generate revenues to address Port capital and public trust needs. The Project's finance structure allows the Port to realize the site's value and sets valuable precedent for future development efforts. The Project results in the Port acquiring land valued in excess of \$8,600,000, improvements costing \$9.5 million, and generates revenue streams to the Port exceeding \$100 million with a net present value of \$14.3 million. The Project generates over \$3 million of new property tax annually and an estimated \$1.25 million of new revenues to the City General Fund.

The Project fulfills the Port's obligation to provide public parking and represents the Port's commitment to the overall economic success of businesses in the Ferry Building Waterfront Area, including existing investments of approximately \$250 million at the Ferry Building, Pier 1, Piers 1½-3-5, Pier 7 and Pier 9.

BACKGROUND

SWL 351 is subject to the common law public trust for commerce, navigation, and fisheries and the statutory trust imposed by the Burton Act, Chapter 1333 of the Statutes of 1968, as amended, by which the State of California (the "**State**") conveyed to the City and County of San Francisco (the "**City**"), in trust and subject to certain terms, conditions and reservations, the State's interest in certain tidelands (collectively, the "**Public Trust**").

Since 2009, Port and Developer have been working toward the development of SWL 351, currently a surface parking lot, located on The Embarcadero at Washington Street, in conjunction with the adjacent private property west and north of SWL 351, commonly referred to as 8 Washington. SWL 351 and the adjacent private property together constitute the project site ("**Site**"). The majority of the adjacent private property is home to a private athletic club formerly known as the Golden Gateway Tennis and Swim Club (the "**Club**"), now known as Bay Club at the Gateway.

Previous Port Commission staff reports and other City reports provide important background information about the Port's actions¹ regarding the Project and related planning efforts, including the following:

¹ All listed Board of Supervisors and the Port Commission approvals were subject to the completion of environmental review of the Project under CEQA.

- **Port Commission Authorization of Developer Solicitation:** The Port Commission authorized the request for proposal process for SWL 351 in July 2008 (Resolution No. 08-45)².
- **Port Commission Award of Development Opportunity:** After staff analysis of their development proposal, Developer was awarded the SWL 351 development opportunity and authorized to enter an Exclusive Negotiation Agreement in February 2009 (Resolution No. 09-12)³.
- **Planning Commission Support of Northeast Embarcadero Study:** The Northeast Embarcadero Study ("NES") is an urban design analysis for the northeast embarcadero area and provides recommendations to improve the public realm and the design of new development in the area. Planning Department staff published the NES in May 2010 and on July 8th 2010, the Planning Commission passed a Resolution in support of the study⁴.
- **Port Commission Endorsement of Term Sheet:** Developer received approval of a Project term sheet in September 2010 (Resolution No. 10-66). The term sheet presents a conceptual agreement by the parties of the terms of the transaction, based on policy direction by the Port Commission and approval of a revised project design responding to the NES⁵.
- **California Environmental Quality Act ("CEQA"):** On March 22, 2012, the Planning Commission reviewed and considered the Final Environmental Impact Report ("Final EIR") in Planning Department File No. 2007.0030E and found that the contents of said report and the procedures through which the Final EIR was prepared, publicized and reviewed complied with the provisions of the California Environmental Quality Act ("CEQA"), the CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code and found further that the Final EIR reflects the independent judgment and analysis of the City and County of San Francisco, is adequate, accurate and objective, and that the Comments and Responses document contains no significant revisions to the Draft EIR, and certified the completion of said Final EIR in compliance with CEQA and the CEQA Guidelines. For copies of CEQA documents in the San Francisco Planning Department's file for CEQA Case No. 2007.0030E *8 Washington Street/ Seawall Lot 351 Project*, including the Draft Environmental Impact Report ("EIR")

²See link:

[http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2008/Item%209A%20SWL351%20RFP%20issuance\(1\).pdf](http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2008/Item%209A%20SWL351%20RFP%20issuance(1).pdf)

³ See link:

<http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2009/Item%2011b%20SWL351%20Staff%20Report.pdf> and

<http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2009/Item%2011b%20SWL%20351%20Revised%20Resolution.pdf>

⁴ See link: <http://www.sf-planning.org/index.aspx?page=1662>

⁵ See link: <http://sf-port.org/Modules/ShowDocument.aspx?documentid=154>

and Comments & Responses/Final EIR⁶, please see the Planning Department's Environmental Planning Division website. Copies of these documents are also on file with the Port Commission Secretary.

Developer has conducted extensive due diligence investigations of the Site and presented the Project drawings to the *Waterfront Design Advisory Committee* ("**WDAC**") and made in excess of 70 presentations of the plans to various community groups, stakeholders and the Port's Northeast Waterfront Advisory Group ("**NEWAG**").

PROPOSED PROJECT

The Project presents an opportunity to promote Public Trust objectives and to realize the vision put forth in the Waterfront Plan by, among other things:

1. Creating important new visual and pedestrian public access linking Jackson Street to The Embarcadero and augmenting significant existing public investment in the area.
2. Achieving a long term solution to parking needs of the Ferry Building waterfront area, as well as a central parking location for visitors to the northeastern waterfront.
3. Improving the visual quality of the Ferry Building waterfront area by locating parking underground and creating an attractive mixed use development that enhances the land side of The Embarcadero and reconnects San Francisco with the waterfront.
4. Creating new parks along The Embarcadero, enhancing the waterfront visitor experience.
5. Providing visitor-serving retail uses, including a café in a prominent location adjacent to the proposed Pacific Park with waterfront views.
6. Creating new view corridors of the San Francisco Bay through the Project site.
7. Creating significant structures that recognize, respect and compliment the Port's bulkhead structures across The Embarcadero.

Public Trust Exchange

The State Lands Commission ("**State Lands Commission**") has authority to approve the public trust exchanges of Port property (the ("**Trust Exchange**") pursuant to Section 5 of Chapter 310, Statutes of 1987 ("**Chapter 310**"). Under Chapter 310, the City has the authority, subject to State Lands Commission approval, to exchange City property subject to the Public Trust with public or private entities for property not subject to the

⁶ See link: <http://www.sf-planning.org/index.aspx?page=1828>

Public Trust if the City and State Lands Commission make certain findings. The findings are further discussed in the "Public Trust Analysis" section below.

The proposed Project is premised on a Trust Exchange involving the removal of the Public Trust from approximately 23,020 square feet of SWL 351 (the "**Trust Termination Parcel**") in exchange for the imposition of the Public Trust on approximately 28,241 square feet of adjacent property that is not subject to the Public Trust (the "**Trust Parcel**"), as shown on Attachment C. At closing, Developer will convey the Trust Parcel to the Port. The Port in turn will convey both the Trust Termination Parcel and the Trust Parcel to the State Lands Commission. The State Lands Commission will then remove the Public Trust from the Trust Termination Parcel and impress the Public Trust on the Trust Parcel and convey such parcels back to the Port. The Port will then convey the Trust Termination Parcel to the Developer.

Although SWL 351 is currently used for vehicle parking serving the Ferry Building and surrounding area, the Developer will be required as a condition of approval to provide no less than 175 spaces for the public in perpetuity within an underground parking garage on the development site (see "Parking Garage" below). This arrangement allows for a reconfiguration of SWL 351 and the adjacent site that actively promotes and improves Public Trust uses and purposes, without any loss of public parking capacity. The proposed Project also would relocate the existing private tennis and swim club that currently blocks public access and use of this prime waterfront site. Such relocation allows for significantly improved visual and physical access to the waterfront, particularly in an area that has seen heavy investment of public funds. The Project would provide complementary Public Trust uses, such as passive open space and visitor-serving retail.

Non-Trust Uses on Private Property ("Private Improvements")

Residential Buildings with Ground Floor Retail

Under the proposed Project, the Site would be developed with two mixed-use buildings containing approximately 134 residential units, ground floor restaurants and retail, a new indoor and outdoor health club and aquatics facility, new public parks and open space, and an underground parking garage. The proposed buildings would be built to Leadership in Energy and Environmental Design ("LEED") Gold standards. One of the two residential buildings would be built along The Embarcadero (4-6 stories, 48-70 feet tall) and the other would be built along Drumm Street (7-12 stories, 81-136 feet tall). The Drumm Street building would be situated across from Embarcadero 4 (45 stories, 571 feet tall) and the Golden Gateway apartment building (22 stories, 230 feet tall). The residential buildings would be connected at the ground floor by a one-story central space along Washington Street, marking the main residential entrance to the buildings. A private central courtyard would be located in the ground-floor area between the two buildings. Setbacks would be incorporated into the building along The Embarcadero at the fifth and sixth levels, and into the building along Drumm Street at the eighth, ninth and twelfth levels.



View from Southeast

The ground floor of the proposed residential buildings would contain a lobby and common areas, private residential amenities, retail spaces, and restaurants. The retail spaces would range in size from approximately 835 gross square feet to approximately 6,670 gross square feet each. A proposed restaurant would occupy the southern portion of the east building at the ground floor and would front on The Embarcadero and Washington Street. The entrance to this restaurant would be at the chamfered southeast corner of the ground floor. Outdoor seating areas would be provided within covered patios along The Embarcadero and Washington Street. A small café/retail space is proposed for the southwest corner of the Site, at Drumm Street and Washington Street.

Rebuilt Health Club

The approximately 16,350 square foot new indoor fitness and health club would be located in a new building north of Jackson Street along The Embarcadero. The building form would be defined by a sloping green roof that is predominantly 17 feet in height at the southern end of the health club, and rise to a peak of 35 feet at the northern end to conceal an elevator shaft providing access to the second floor of the health club. Approximately 21,500 square feet of outdoor recreation space including at least one large lap and recreation pool would be constructed.⁷ While the programming of the outdoor recreation space is conceptual at this point, the outdoor space may be programmed with a patio lounging area, a Jacuzzi, and a barbecue area in addition to one or more pools and outdoor recreation space. An approximately 1,800 square foot café at The Embarcadero and Jackson Street would also be situated within the health club building and would be open to the public with outdoor seating within Jackson Commons (described below).

Parking Garage

Parking for the public and residents would be provided in a parking garage on three

⁷ The current health club measures approximately 7,500 square feet of indoor space and 81,645 square feet of outdoor space.

levels below the proposed buildings that form the Project's southern edge (the "**Parking Garage**"). The proposed Parking Garage would include up to 389 spaces, including up to 255 public spaces to serve the Ferry Building waterfront area businesses, onsite retail, restaurant, and health club uses and up to 127 spaces for residents. Of the available public spaces, as described below in the Purchase and Sale Agreement section, up to 175 spaces will be reserved to serve the Ferry Building Waterfront subarea of the Waterfront Plan, achieving a long term solution to parking needs of the Ferry Building Waterfront area, as well as a central parking location for visitors to the northeastern waterfront. The Parking Garage improves the visual quality of the Ferry Building Waterfront area by locating underground all of the currently existing 105 spaces of surface parking at SWL 351.

Parking Garage

Public Parking Spaces for Vehicles		
Maximum covenanted for Ferry Building Area Short Term Use	175	
Maximum Available for Project and Ferry Building Area Use	80	
Maximum Total		255
Residential Parking Spaces		127
Car Share Spaces		<u>6</u>
Maximum Total Garage Parking Spaces for Vehicles		388
Parking Spaces for Bicycles		
Commuters (with lockers, showers, changing rooms)	27	
Residents	134	
Total Garage Parking Spaces for Bicycles		161

Convenient and efficient pedestrian access to the public parking garage would be through an elevator entrance along Washington Street entered to the east of the residential lobby and an elevator entrance along Jackson Commons. Elevators would connect the private residential underground parking to the ground and upper floors of the proposed residential buildings. Vehicle access to the parking garage would be through a two-way ramp directly off of Washington Street west of the residential lobby entrance. The curb cut along The Embarcadero would be eliminated, enhancing safety for bicyclists and pedestrians by removing existing conflicts presented by vehicles that must cross the popular bike lane and busy sidewalk to access the surface parking lot. 161 bicycle parking spaces and 6 car share spaces would be provided along with showers and lockers for bicyclists' use recognizing the bicycle's continuing emergence as a principle means of transit for residents, area workers and visitors alike. .

If Developer fails to commence or complete the Parking Garage, the Port, as its sole remedy, may require Developer to provide the Port with at least 110 valet parking spaces until the Parking Garage is completed (the "**Replacement Spaces**"). If the Replacement Spaces cannot be accommodated on the Site, or if construction is underfow for the open space parcels within the Site, Developer must provide to Port, at no charge, the remaining parking spaces within a nearby site, which may include the public parking garage at One Maritime Plaza, the parking garage at the Golden Gateway Center, or such other parking facility reasonably satisfactory to Port until the

Parking Garage is constructed. At Close of Escrow, Developer must deliver to the Port a guaranty, securing its obligation to provide the Replacement Spaces.

Trust-consistent Uses on Port Property ("Public Improvements")

Jackson Commons Open Space

A new public open space totaling approximately 10,450 square feet would be developed to the north of the residential buildings along the Jackson Street alignment ("**Jackson Commons**")⁸. Jackson Commons would provide pedestrian views and access to the waterfront that would connect Jackson Street to The Embarcadero tying Sidney Walton Park, Golden Gateway, Jackson Square, Chinatown and North Beach neighborhoods to the Port's Ferry Building, Pier 1, Piers 1½-3-5, Pier 7 and Pier 9 development projects, representing approximately \$250 million in public-private investments. Landscape and a meandering pedestrian path would lead to a more hardscaped area with public seating at The Embarcadero. Jackson Commons would be dedicated as a public right-of-way for parks and open space use only. In addition, the current Drumm Street Garden Walk would be widened and increased in size by approximately 2,890 square feet and improved to create a better pedestrian experience and connection to the waterfront in response to recommendations expressed through the Planning Department's Northeast Embarcadero Study ("NES"). Individually and together, these beautiful new and expanded public open space improvements will be enjoyed by today's residents and visitors as well as the generations to follow.

Trust Retail Parcel

An approximately 4,000 square foot, one-story, 18-foot-tall restaurant building ("**Trust Retail Building**") would be constructed immediately to the north of the proposed health club building and swim deck area. The Port would own this building and lease it back to the Developer as described below. The restaurant would include an approximately 4,000 square foot rooftop deck with public access via an elevator and stairway. The building would be a semi-transparent pavilion with an enclosable outdoor patio that is designed for year round use to activate the proposed publicly accessible open space, compliment the City's investments in The Embarcadero roadway, and add to the increasing number of restaurants and retail establishments in the area.

Pacific Park Open Space

The Retail Building would front on a new, approximately 11,840 square foot, publicly accessible open space ("**Pacific Park**") at the northern end of the Site, which would contain an approximately 4,500 square foot children's interpretive sculptural garden. Pacific Park would connect the Pacific Street walkway to the Embarcadero, creating a vibrant and active waterfront park connecting the City to the waterfront with views of the Bay, the Port's historic Pier 5 bulkhead and the Pier 7 public pier. All or a portion of Pacific Park may be dedicated as a public right-of-way for parks and open space use only. In addition, approximately 4,835 square feet of sidewalk along the west side of The Embarcadero, immediately south of Pacific Park and fronting a portion of the east side of the Health Club would be improved and widened to attract pedestrians to the

⁸ Existing public space for the Project Site is approximately 1,500 square feet.

west side of The Embarcadero in response to recommendations in the NES.

PLANNING COMMISSION APPROVALS

The San Francisco Planning Commission took the following actions in connection with the Project at its March 22, 2012 meeting:

- Certified the Final EIR;
- Approved a General Plan amendment to allow an increase in height on portions of the Site from 84 feet to 92 feet and 136 feet and to allow the bulk⁹ of the Project;
- Approved a Zoning Map amendment to allow an increase in height on portions of the Site as stated above and to allow the bulk of the Project;
- Approved a Planned Unit Development/Conditional Use Permit pursuant to Planning Code Sections 303 (Conditional Use), 304 (PUD), 253 (review of structures over 40 feet in any "R" District), 271(b) (Bulk Limit Exception), 151 and 204.5(c) (off-street parking for residential uses in excess of maximum accessory amounts), 151 (reduction in off-street parking requirements for non-residential uses), 209.7(d) (provision of a public parking garage for spaces to serve the Ferry Building and Waterfront area), 209.8(c) (commercial use above ground floor for the health club), 209.8(f) (non-residential use exceeding 6,000 gross square feet), 134 (rear yard requirement);
- Made a determination of consistency with the City's *General Plan* pursuant to Charter Section 4.105 and Administrative Code Section 2A.53;
- Joint adoption by the Planning Commission and the Recreation and Park Commission of a resolution establishing a new absolute cumulative limit for allowable new shadow on Sue Bierman Park to accommodate the new shadow on that park that would result from the Project (no cumulative limit currently exists for Sue Bierman Park); and
- Made a shadow impact determination, after review and comment by the San Francisco Recreation and Park Department and its Commission under Section 295 of the Planning Code.

In addition, the San Francisco Recreation and Park Commission determined at its joint meeting with the Planning Commission on March 22, 2012, pursuant to Resolution No. 1203-014 that the shadows cast by the Project on Sue Bierman Park will not be adverse. Based on detailed technical analysis, the additional new shadow is very small, approximately 0.00067 percent of the total annual available sunlight for the park. The new shadow would occur for about 15 minutes in the morning and evening during the summer. The amount of new shadow would not be significant and the new shadow cast by the Project would not adversely affect use of the park and its facilities.

⁹ Bulk regulations are the combination of controls (lot size, floor area ratio, lot coverage, open space, yards, height and setback) that determine the maximum size and placement of a building on a zoning lot.

The Planning Department also is the lead agency for completing environmental review pursuant to CEQA. On June 15, 2011, the Environment Planning Division of the San Francisco Planning Department published a draft Environmental Impact Report ("**EIR**") for public review (Case No. 2007.0030E). The draft EIR was available for public comment until August 15, 2011. On July 21, 2011, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to solicit comments regarding the draft EIR. On December 22, 2011, the Planning Department published a Comments and Responses document, responding to comments made regarding the draft EIR prepared for the Project. On March 22, 2012, the Planning Commission certified the Final EIR.

Before the Port Commission can approve any implementing agreements for the Project, it must review and consider the Final EIR information and adopt findings in accordance with CEQA ("**CEQA Findings**"). The CEQA Findings are presented in Attachment A to Port Resolution 12-46, which describe the Project and conclusions in the Final EIR regarding the Project's significant environmental impacts, required mitigation measures, alternatives studied in the EIR, reasons for rejecting alternatives and selecting the Project, and overriding considerations that outweigh any significant environmental effects that could not be remedied by mitigation measures.

TRANSACTION DOCUMENTS

The major documents relating to the Trust Exchange, conditions to conveyance of the Trust Parcel and the Trust Termination Parcel between Port and Developer, development of the Project, lease of the retail parcel, and maintenance of the Open Space Parcel are as follows: (collectively, the "**Transaction Documents**"):

1. Disposition and Development Agreement ("**DDA**") between Port and Developer governing development of the Public Improvements, Trust Retail Parcel and terms of public financing
2. Lease No. L-15110 ("**Lease**") between Port and Developer for the Trust Retail Parcel
3. Purchase and Sale Agreement ("**PSA**") between Port and Developer governing the conditions for the conveyance of the Trust Parcel and Trust Termination Parcel and development of the Private Improvements
4. Trust Exchange Agreement between Port and the State Lands Commission for the realignment of the Public Trust within the Site
5. Maintenance Agreement between Port and Developer for the maintenance of the Open Space Parcel

The DDA and PSA will be executed by the Port following approval of such documents by the Port Commission and approval by the Board of Supervisors and Mayor Edwin Lee of the PSA. The Trust Exchange Agreement will be executed by the Port following approval of such agreement by the Port Commission, the Board of Supervisors, the

Mayor, and the State Lands Commission. Port will execute the Lease and the Maintenance Agreement after approval of such documents by the Port Commission, the Board of Supervisors, and the Mayor, approval of the Trust Exchange Agreement by the State Lands Commission, the Board of Supervisors, and the Mayor, and upon satisfaction of various conditions set forth in the DDA.

The Transaction Documents are described in greater detail below:

Disposition and Development Agreement ("DDA")

The DDA governs: (1) the conditions that must be satisfied prior to Port leasing the Trust Retail Parcel to the Developer, (2) the obligations of the Developer to construct the Public Improvements on the Trust Retail Parcel and the remainder Port property on the Site (the "**Open Space Parcel**"), (3) the conditions for delivery of the Project improvements, and (4) the terms and conditions for the provision of public financing for certain of the Public Improvements (described below).

Port Commission approval of the DDA is required because it concerns a major development on Port property and sets forth requirements for delivering the Site, and the means to reimburse the Developer for its improvements on Port property. Board of Supervisors' approval of the DDA is not required pursuant to City Charter Section 9.118.

DDA Terms:

Term

The DDA is in effect from execution, anticipated this summer once all Project approvals have been obtained, through completion of all Public Improvements required to be constructed thereunder. The construction period is estimated at 27 months. The public financing provisions will continue to remain in effect after construction of the Public Improvements are completed.

Construction Obligations/Schedule of Performance

- Developer must construct the Public Improvements consistent with Port approved construction documents. Subject to force majeure, Developer must commence construction of the Public Improvements within 120 days after close of escrow (expected to occur October 2012), and must complete the Public Improvements within the earlier of 36 months after commencement of Construction or 40 months following Close of Escrow.
- Developer is responsible for paying all costs of developing the Project, including the Public Improvements, subject to reimbursement of certain Project costs from Public Financing (described below) in accordance with the DDA and the Acquisition and Reimbursement Agreement to be attached to the DDA.
- Anticipated Relevant Dates:

DDA Execution	Summer 2012
Close of Escrow	October 2012
Construction Start	April 2013

Transaction Costs

Developer will reimburse the Port for 100% of transaction costs incurred by the Port. This term is carried over from the Exclusive Negotiating Agreement currently in effect.

Force Majeure

Times for performance will be extended by force majeure, if any, including CEQA litigation and failure for regulatory agencies to issue required permits, for a period of up to 48 months.

License

The DDA grants Developer a license to enter the Open Space Parcel to construct the Public Improvements that begins upon the Close of Escrow and ends upon the recording of the Certificate of Completion. Port staff expect the License to commence October 2012 and terminate in March 2016.

Public Financing

Once constructed, this Project will generate significant tax increment above that generated from the Site today. The Port and Developer have negotiated the following terms to partially reimburse Developer for the Project's public benefits achieved through the new public open spaces and public garage amenities.

- Port will provide public financing through formation of a Port wide Infrastructure Financing District ("IFD") that will include SWL 351 and the adjoining private property at 8 Washington as a project area within the IFD ("Project Area").
- Port will pay Developer up to \$5 million from IFD Project Area bond proceeds or increment to pay for qualified project costs of the Public Improvements. These costs will include all public improvements within the Open Space Parcel, but not on the Trust Retail Parcel or any privately held parcels.
- Developer will be reimbursed in any number of installments as Public Financing becomes available, with any unpaid balance deferred without interest until Public Financing becomes available.
- In addition, the Port will cooperate in the formation by the City of a Community Facilities District ("CFD"). Proceeds from the CFD will be used to finance qualifying portions of the public parking garage and potentially public improvement costs not reimbursed through the IFD. Such proceeds are expected to be advanced through a bond issuance. Because the parking garage will be privately owned, the CFD bonds are not qualified to be tax-exempt, but will be taxable bonds.
- Since neither Port nor the City will have the obligation to pay for maintenance of the Open Space Parcel, Developer and the Port have agreed to cooperate in the formation of a second CFD over the parcels owned by Developer and the parcel with the newly built health club (the "**Developer Parcels**") to fund ongoing maintenance. If Developer fails to maintain the Open Space Parcels in accordance with the Maintenance Agreement, then maintenance special taxes will be levied against the Developer Parcels in perpetuity. The maintenance special taxes will be used only to

pay for maintenance of the Open Space Parcel and the costs of administering the maintenance CFD, as further described in the DDA.

Assignments and Transfers

Assignment and transfer provisions will be the same as those stated below for the Purchase and Sale Agreement.

Terminating Events

The DDA will terminate if any of the following events occur:

- The Purchase and Sale Agreement terminates before the Close of Escrow.
- The Close of Escrow has not occurred by the Outside Close Date (anticipated summer 2013), subject to force majeure or Developer's extension options.
- Either party may terminate if a title defect exists on the Outside Close Date and Developer has not elected to close subject to the title defect.

Events of Default

The Developer will be in default under the DDA for, among other things, the following actions:

- Failure to commence or complete construction of the Public Improvements or Parking Garage in accordance with the Schedule of Performance.
- Abandonment of construction of the Public Improvements without Port's approval for more than 30 consecutive days, which continues for an additional 60 days after written notice from Port.
- Failure to perform any non-monetary obligation that continues for more than 30 days after notice from Port, or if the cure cannot be completed within 30 days, failure to commence and diligently prosecute a cure.
- An Event of Default under the Purchase and Sale Agreement or Lease (after Close of Escrow).

Remedies

The Port's remedies for Developer default under the DDA include:

- Termination of the DDA, provided that if termination occurs before the Close of Escrow because of a Developer event of default, Port may collect as its sole damages a DDA Termination Fee of \$50,000.00.
- Specific Performance.
- If Developer defaults by failing to commence or complete the Parking Garage, the Port's sole remedy will be the Replacement Parking Remedy, as described in the PSA.

Lease No. L-15110 ("Lease")

Upon Close of Escrow under the DDA, the Port will deliver a ground lease to Developer for the Trust Retail Parcel. The form of Ground Lease is attached to the DDA.

Material lease terms include the following:

- 66-year term
- Approximately 4,000 square feet

- Permitted uses include visitor-serving commercial recreation, including restaurant and recreational facilities (e.g. bicycle rental)
- Construction rent is \$60,000/annum expected to be paid from 2012 to 2016 Upon completion (expected in March 2016), rent is 15% of gross revenues received by Developer from retail operator and is expected to be at least \$25,000 per annum initially and approximately \$4.8 million over the 66-year term.
- Port has reasonable approval over subtenant operators
- Developer may mortgage its leasehold interest in the Trust Retail Parcel to finance its construction

Purchase and Sale Agreement ("PSA")

The PSA sets forth the terms and conditions under which (i) Port will convey portions of SWL 351 from which the Public Trust will be removed to Developer, (ii) Developer will convey portions of the 8 Washington Site to the Port that will become subject to the Public Trust, (iii) Developer will develop the Private Improvements; and (iv) Developer will record a parking covenant that permanently restricts a portion of the Parking Garage as described below under Covenants Recorded Against Developer's Property.

The PSA covers matters including conditions to the Close of Escrow, manner of payment, the scope of Development on Developer Parcels, Port rights to public parking, Events of Default and certain other matters.

PSA Terms:

Purchase Price

- The Purchase Price for the portion of SWL 351 to be conveyed to Developer is a \$3 million lump sum payment, due one (1) year following the issuance of a temporary certificate of occupancy for the Parking Garage or the rebuilt Health Club, whichever comes first, anticipated no earlier than October 2014..
- A transfer fee covenant will be recorded against the property. The transfer fee covenant requires payment to the Port equaling 1.0% of the purchase price in perpetuity from and after but not including the first sale (or lease with a term of thirty-five (35) years or longer) of each of the (a) residential condominiums and (b) commercial condominiums (excluding the new fitness and health club)
- Conveyance to Port of approximately 28,241 square feet of a portion of 8 Washington site which will be impressed with the Public Trust.
- Conveyance to Developer of approximately 23,020 square feet of a portion of SWL 351 that is free of the Public Trust
- Developer shall also pay to Port, another City agency, or such other City agency's designee, a certain amount that will be used to fund affordable housing development in the City ("**Developer's Contribution to Affordable Housing**"). The Developer's Contribution to Affordable Housing shall be determined by multiplying 5% of each type of residential unit (based on the number of bedrooms) in the Project against a base amount ("**Base Amount**") for each type of residential unit (the amount contributed for each type of residential unit is to be referred to as "**Unit Type Contribution**") and then adding each Unit Type

Contribution. The Base Amount for (i) studios shall equal \$179,952; (ii) 1 bedrooms shall equal \$248,210; (iii) 2 bedrooms shall equal \$334,478; and (iv) 3 bedrooms and up shall equal \$374,712. The gross contribution amount is expected to be approximately \$2.2 million. Additionally, the Base Amount for each type of residential unit shall be indexed annually from and after July 1, 2012 based on the annual percent change in the Construction Cost Index for San Francisco as published by Engineering News-Record.

- Developer must pay an ongoing revenue stream to Port of \$120,000/year for 66-years, commencing upon completion of the Public Improvements, adjusted every 5 years by the CPI with a minimum increase of 10% and a maximum of 20%. (Note that the original term sheet proposed rent for the lease of public open space at \$120,000 for 66-years; however, due to laws regarding use of public financing for public improvements, the annual \$120,000 payment will be included in the PSA with the payment obligation included within the covenants, codes and restrictions ("CC&Rs") recorded against the Site.)

Covenants Recorded Against Developer's Property

Developer must record the following covenants against title to the parcels Developer will own as of Close of Escrow, which covenants will run with the land:

- Condominium Sales: A Transfer Fee Covenant to be recorded at Close of Escrow, providing that Port will receive a transfer fee equaling 1.0% of the purchase price in perpetuity from and after but not including the first sale (or lease with a term of thirty-five (35) years or longer) of each of the (a) residential condominiums and (b) commercial condominiums (excluding the new Health Club).
- Public Parking Access: A Public Parking Covenant to be recorded at Close of Escrow that requires a permanent dedication of no less than ninety (90) public parking spaces (or 110 if on a valet basis) serving the Ferry Building Waterfront area prior to issuance of a temporary certificate of occupancy for the Parking Garage or if a lender takes over the Project and builds only two underground levels of parking; and no less than 175 spaces will be permanently dedicated if the Parking Garage is completed in accordance with approved entitlements for the Project.
- Spaces to Serve Port Operations: As part of the Public Parking Covenant, Port would have a right to use 10 spaces within the Parking Garage. The business terms for this use will be subject to an agreement between the parties subject to separate Port Commission review and approval. Currently the Port does not pay for such spaces at SWL 351.

Assignments and Transfers/Sales of Condominiums

- Prior to issuance of a temporary certificate of occupancy for the Parking Garage and the base building shell and core of the condominium project, Developer may transfer its interest or rights in the PSA subject to Port's approval in its sole discretion. After temporary occupancy occurs, Developer may assign and transfer without Port approval.
- At any time, Developer may transfer its interests and rights in the PSA to any entity of which (i) Developer is, and will continue to be, a direct or indirect

member, and (ii) Pacific Waterfront Partners, LLC, a Delaware limited liability company, provides, and continues to provide, day-to-day operations management and continues to be the managing member of Developer.

- No Port consent is required for sales of condominium units, except if the sale is to an affiliate of Developer. Developer has the right to sell up to and including, five (5) condominiums to an affiliate, whether sequentially or at any one time, without the prior consent of Port, but must obtain Port's prior written consent to the sale of the sixth (6th) and any subsequent condominium sale. In all cases, Port must receive the applicable transfer fee. The transfer fee covenant requires the seller of any unit to provide Port prior notice to the sale.
- Port may not withhold its consent for any reason other than its reasonable determination that the proposed condominium sale price is below fair market value of other similarly situated condominium units of similar size and quality, which determination is subject to the arbitration dispute resolution procedures of the PSA.

Schedule of Performance/Construction Obligations

Subject to force majeure, Developer must commence construction of the Private Improvements 120 days after Close of Escrow, and must complete the Parking Garage within the earlier of 36 months after commencement of Construction or 40 months following Close of Escrow. Close of Escrow is anticipated to be October 2012 and construction would therefore commence by April 2013 and be completed no earlier than October 2014. However, the sole remedy for Developer's failure to meet the schedule of performance and construct the Parking Garage is the Replacement Parking remedy as described below. There is no right of reverter.

Port Approval of Construction Documents

- To confirm this Project fulfills its commitment toward the long term parking needs of the Ferry Building Waterfront Area, Port has review and reasonable approval rights over the Final Map to determine whether the Parking Garage includes a separate Port Air Space Parcel for no less than 175 public parking spaces.¹⁰
- Port has reasonable approval rights over material changes to project design that faces the Embarcadero, if the changes would require going back to the City's Planning Commission.
- As a condition to Port's approval of construction documents for the Private Improvements, Port may require that Developer require its subcontractors to obtain payment and performance bonds naming Port as a co-obligee in a principal amount of not less than 100% of the estimated costs of the Parking Garage. However, Port may not require a Performance Bond from Developer's general contractor if the general contractor has more than ten (10) years of experience constructing comparable projects in San Francisco and Developer's lender does not require a performance bond from the general contractor. Developer may request a waiver of the performance bond requirement for any

¹⁰ The Parking Garage will be comprised of three separate air space parcels pursuant to a final subdivision map that will be recorded against the Site. The Port Air Space Parcel will contain all of the parking spaces dedicated for public use to serve the Ferry Building Waterfront Area.

subcontractor that has sufficient experience and financial capability to complete the Parking Garage, which approval shall not be unreasonably withheld.

Force Majeure

Times for performance will be extended by force majeure, if any, including CEQA litigation and failure for regulatory agencies to issue required permits, for a period of up to 48 months.

Mortgagee Protections

Developer may mortgage the Developer Parcels as security for loans related to the Developer Parcels, subject to commercially reasonable mortgagee protections set forth in the PSA.

Port Option to Purchase Public Parking

- From completion of the Project to 2 years following the first sale of the last residential condominium unit, Port has the right to purchase the Port Air Space Parcel within the Parking Garage (a condominium portion of the public parking garage) accommodating no less than 175 cars on an individually accessible or valet basis.
- Upon exercise of the Port Parking Option, the parties will meet and confer to establish the price for the Port Air Space Parcel; if the parties cannot agree on valuation procedures within one year after Port's exercise of the Port Parking Option, the option shall terminate.

Events of Default

Developer defaults include:

- Failure to commence construction within 120 days following Close of Escrow.
- Failure to complete construction of the Parking Garage within the earlier of 36 months after commencement of construction, or 40 months following Close of Escrow, provided that the sole remedy is the Replacement Parking Remedy.
- Abandonment of construction of Parking Garage without Port's approval for more than 30 consecutive days, which continues for an additional 60 days after written notice from Port.
- Failure to pay any amount required to be paid under the PSA when due and the failure continues for 5 days after notice from Port to Developer.
- Failure to perform any non-monetary obligation that continues for more than 30 days after notice from Port, or if the cure cannot be completed within 30 days, failure to commence and complete the cure within a reasonable time.

Remedies

Port remedies for Developer event of defaults include:

- Termination of the PSA upon 30 days' notice to Developer.
- If termination occurs before the Close of Escrow because of a Developer Event of Default, Port may collect as its sole damages, a PSA termination fee of \$200,000.00.
- Replacement Parking Remedy. See "Parking Garage" above.

Close Of Escrow/Outside Close Date

Close of Escrow under both the DDA and PSA will occur on the same day. The Outside Close Date for Close of Escrow under both the DDA and PSA is twelve (12) months after the date the PSA and DDA are fully executed, expected in summer of 2013. However, Developer may extend for up to two 6-month additional periods with the payment of \$50,000 for each 6-month period, and thereafter with the Port's consent for additional 6-month/\$50,000 periods. The Outside Close Date is subject to force majeure delay, including CEQA litigation, up to 48 months for each event of force majeure. If Close of Escrow does not occur within the Outside Close Date, as extended and subject to force majeure, the PSA and DDA will terminate.

Guaranties

Under the DDA and PSA, the following guaranties will be provided to the Port:

- A guaranty of the \$3 million land payment (to be provided at Close of Escrow);
- A guaranty of the Replacement Parking Remedy (to be provided at close of escrow);
- A termination fee guaranty (to be provided as of full execution of the DDA and PSA), guarantying the obligation to pay the Port a liquidated sum of \$250,000 if the DDA and PSA terminates prior to close of escrow as a result of an uncured and unexcused Developer event of default; and.
- A completion guaranty guaranteeing the lien-free completion of the Project's public improvements.

Trust Exchange Agreement

The Trust Exchange Agreement with the State Lands Commission sets forth the terms under which the State Lands Commission will approve the Trust Exchange of the Site. See discussion above under Proposed Project for additional description of the proposed Trust Exchange.

Maintenance Agreement

Upon issuance of a Certification of Completion, Port and Developer will enter into a Maintenance Agreement for the management and operation by Developer of the Open Space Parcel in perpetuity. The Maintenance Agreement requires Developer, or its successor, which may be the homeowners' association of the residential condominium project, to be responsible for the maintenance, operation and repair of the Open Space Parcel at their sole expense. The form of Maintenance Agreement is attached to the DDA.

Maintenance Agreement Terms:

Scope of Services

Developer shall provide comprehensive maintenance and property management services including management, landscape, janitorial and general maintenance, and security services to maintain the Open Space Parcel in a first class condition for public use and enjoyment.

Use of Open Space

Subject to Port Code and any rules and regulations promulgated by Port from time to time, Developer is authorized to administer permits, events and concessions within the open space areas consistent with the Port Code and shall provide Port with a quarterly report and calendar of same. Port shall at all times have the right to approve other upcoming events or concessions within the Open Space Parcel not set forth in Developer's quarterly report.

FISCAL ANALYSIS

Land Payments

For the sale of the majority of SWL 351 to Developer, the Port will receive a \$3,000,000 payment upon stabilization (defined as one year following receipt of a temporary certificate of occupancy, expected to occur in March 2016) of the Project. Additionally Port will receive transfer payments equaling 1.0% of the purchase price in perpetuity from and after but not including the first sale (or lease with a term of thirty-five (35) years or longer) of each of the (a) residential condominiums and (b) commercial condominiums (excluding the new Health Club). As a component of the land payment, Developer will also pay Port \$120,000 per year for 66-years, commencing upon completion of the public improvements, adjusted every 5 years by the CPI with a minimum increase of 10% and a maximum of 20%.

Developer will complete the public improvements and manage them, bearing responsibility for all operations and maintenance.

Developer will execute a 66 year ground lease for the construction and operation of an approximately 4,000 s.f. restaurant/café and will pay to Port 15% of gross income generated at the restaurant/café.

During the construction period Developer will pay the Port \$60,000 per year as another component of the overall negotiated land payment.

Developer will pay Port or a City agency or its designee, an amount that will be used to fund affordable housing projects in the City beyond any impact fees required for affordable housing. As explained above, the amount will be determined by the number and type of residential units built in the Project. Port staff estimates that based on the number and type of residential units approved by the Planning Commission for the Project, the additional contribution Developer will make for affordable housing projects in the City is estimated to be around \$2.2 million. Developer's contribution may be adjusted upwards or downwards depending on the final number and type of units set forth in the Project's building permit. This amount is to be paid by Developer prior to issuance of a temporary or final certificate of occupancy for the Private Improvements.

Public Finance

Developer will petition to annex the Developer Parcels into a project area of a Port-wide

IFD as a requirement of acquiring the Trust Termination Parcel. The IFD is expected to generate annual tax increment of \$3.085 million. Based on this estimate, and subject to an agreement with the City, The Port is drafting an infrastructure finance plan ("IFP") for this project area that would propose the disposition of this tax increment. The IFP, subject to Board of Supervisor approval, will propose reimbursing the Developer for up to \$5 million for qualified project costs of the Public Improvements with tax increment generated before stabilization. These public improvements include sidewalk widening and street furnishings recommended in the Northeast Embarcadero Study ("NES").

At stabilization, the IFP will direct 50% of available tax increment to the General Fund and allow the Port to issue bonds utilizing 50% of the tax increment as debt service and debt service coverage. Currently 50% of tax increment is estimated at \$1.55 million at stabilization. The IFP will propose that Port debt service coverage grow modestly (the lesser of 2% or the growth rate of all IFD tax increment growth) and that all other growth in tax increment flow to the City General Fund. Based on current projects the Port IFD share would generate \$16 million in bond proceeds that would be dedicated to fund Cruise Terminal costs, Port substructure repair and underpier utility infrastructure. A summary of the IFP is shown in the table below.

Tax Increment Allocation (45 year lifetime of IFD)	
To City General Fund	\$148,860,000
To IFD	\$55,250,000
Total	\$204,110,000
IFD Uses	
Pay Go Increment:	
Public Improvements reimbursement	\$5,000,000
Bond Uses:	
Cruise Terminal	\$5,000,000
Under Pier Utility Infrastructure	\$6,000,000
Pier Substructure Repairs	\$5,000,000
Bond Total	\$16,000,000

The Port will work with the City to include the Developer Parcels in a Community Facilities District ("CFD"). CFD assessments would be applied to the Developer Parcels and CFD funds will be used to fund capital costs for public components of the Project such as the parking garage and potentially other public improvements.

Since neither Port nor the City will have the obligation to pay for maintenance of the Open Space Parcel, Developer and the Port have agreed to cooperate in the formation of a second maintenance CFD over the Developer Parcels to fund maintenance expenses. As previously discussed, if Developer fails to maintain the Open Space Parcels in accordance with the Maintenance Agreement, then maintenance special taxes will be levied against the Developer Parcels in perpetuity.

Fiscal Analysis

The Project's significant financial benefits to the Port are summarized in the following table and further described in Attachment D.

Source	Total	Net Present Value
Land Purchase Payment	\$3,000,000	\$2,400,000
On-going Payments from Land Sale	\$22,800,000	\$2,300,000
Residential Transfer Fees	\$61,000,000	\$7,600,000
Commercial Transfer Fees	\$8,700,000	\$1,400,000
Construction Period Rent	\$180,000	\$157,000
Long-term Restaurant Lease	\$4,800,000	\$400,000
Total	\$100,000,000	\$14,300,000

A portion of the property tax will be diverted to the IFD for Port projects. AS noted above, the Port is developing an Infrastructure Financing Plan for a Port-wide IFD and a Project Area encompassing the Project. In the stabilized year, property taxes expected to be diverted to the Port through the IFD will be \$1.55 million. The preliminary fiscal analysis for the IFD shows about \$1.25 million annually in *other* taxes flowing from the Project.

This transaction guarantees short term payments, enhances long term lease revenue and provides the Port with new mechanisms to participate in the long term appreciation of this real estate asset. Given the current state of the real estate and financing markets, the finance structure realizes the site's value by accepting payments at stabilization and receiving long term participation in the financial upside of the project equating to \$14.3 million of net present value.

The Project's financial benefits to the City are summarized in the following table.

Source	Total
Property Tax to General Fund (annually)	\$1,550,00
Other Taxes & Revenues(annually)	\$1,250,000
Annual Total	\$2,800,000
Affordable Housing Impact Fees	\$8,800,000
Voluntary Affordable Housing Payment	\$2,200,000
Other Permits and Fees	\$4,700,000

PARKING ANALYSIS

Because of the competition from commuter parking in the area, parking for visitors is an important consideration for Port tenants in the Ferry Building Waterfront Area. In 2007, Adavant Consulting conducted a review of the parking options serving the Ferry Building by reviewing previous studies and conducting additional surveys of the area's public parking facilities. This study found that parking lots in the vicinity (within a 15/20

minute walk) had 87% occupancy on weekdays at midday. Lots within a 5-minute walk of the Ferry Building had a similar or higher utilization. The area's parking meters had 88% occupancy at the weekday midday peak.

A parking agreement ("**Parking Agreement**") with the master tenant of the Ferry Building was executed in 2001 to provide parking spaces for visitors to the Ferry Building Waterfront Area at a number of locations including Pier ½, SWL 351, and the Golden Gateway Garage. The Piers 1½ - 5 project has a similar parking agreement providing 25 Port controlled parking spaces for its users.

Since the opening of the Ferry Building, parking resources in the vicinity have been lost including Ferry Plaza (36 spaces) and the July 2008 closure of Pier ½ (48 spaces). Since the Pier ½ closure, the Port has made many small changes to parking in the vicinity including expanding valet service in front of the Ferry Building, and expanding the availability of street parking by adding additional spaces on Davis Street, moving farmer trucks off-street to free up customer parking on Washington Street and installing new "smart" meters.

Several other proximate parking resources are expected to go away in the near future including parking surrounding the Agriculture Building (72 spaces that will be closed with the expansion of the Downtown Ferry Terminal) and the redevelopment of the 75 Howard parking garage (550 spaces). The Adavant Consulting study estimated future conditions after the closure of parking at Pier ½ and the Agriculture Building as well as expected new development in the vicinity. In these future demand scenarios, off-street weekday midday parking occupancy in the Ferry Building Area increased from 87% to 99%, above the effective parking capacity (about 90% of the maximum capacity).

The closure of parking at Ferry Plaza, Pier ½, and the Agriculture Building are all consistent with policies in the Port's Waterfront Land Use Plan to locate parking on the upland side of the Embarcadero. By providing up to 255 public parking spaces in the underground Parking Garage of the Project, there will be a permanent, reliable source of parking for visitors to the Ferry Building Waterfront Area. By securing permanent parking, the Port will be able to continue development and further improvements to the waterfront without additional expenditures for this ancillary use. The Ferry Building Waterfront Area is a transit-rich area but the high-visitor nature of its uses necessitates a permanent, reliable source of parking.

Ferry Building Parking Agreement: Project Impact on Location of Spaces

	Prior to Project	Project Construction	Project Completion
SWL 351	90		150
FB Curb White Zone	30	30	30
1 Maritime Plaza	30	30-60	
Ferry Plaza		65-80	
Pier 3		25	
Total	150	95-195	180

Given the ongoing retail and business enterprises in the Ferry Building Waterfront Area, temporary parking may be impacted during the construction period. During the pre-construction period, Port staff will work with all stakeholders to maximize parking availability during construction and fulfill Port obligations under parking agreements.

PUBLIC TRUST ANALYSIS

As mentioned above under the Proposed Project section, the Project includes a Proposed Trust Exchange for a portion of SWL 351 that provides significant benefits to the Public Trust. Under Chapter 310, the City has the authority, subject to State Lands Commission approval, to exchange City property subject to the Public Trust with public or private entities for property not subject to the Public Trust if the City and State Lands Commission determine that the land to be exchanged out of the Public Trust (1) has been filled and reclaimed; (2) is cut off from access to the waters of the Bay; (3) represents a relatively small portion of the granted tide and submerged lands; (4) is no longer needed or required for the promotion of the Trust; and (5) can be removed from the Public Trust without causing any substantial interference with Public Trust uses and purposes. In addition, the Trust Parcel must have value equal to or greater than the value of the Trust Termination Parcel that is useful for the particular trust purposes authorized by the Burton Act.

1. *The Trust Termination Parcel has been filled and reclaimed.* The Trust Termination Parcel is a portion of SWL 351, which was filled as part of the Port's program of reclaiming lands between the new seawall and the previously existing City front, for the purpose of generating revenues used to support the improvement of the harbor.
2. *The Trust Termination Parcel is cut off from access to the waters of the Bay.* All of the Trust Termination Parcel is located on filled land, located on the landside of the 100 foot wide Embarcadero Roadway, which consists of 6 traffic lanes and the MUNI light-rail corridor. No immediate access to the waters of San Francisco Bay exists from any portion of the Trust Termination Parcel.
3. *The Trust Termination Parcel is a very small portion of the Port's trust grant.* The total area of the Trust Termination Parcel is approximately 22,650 square feet (approximately ½ acre). The total amount of granted tide and submerged lands held by the Port is approximately 725 acres, of which the Trust Termination Parcel represents 0.07%.
4. *The Trust Termination Parcel is no longer needed or required for the promotion of the Public Trust.* Except for ferry operations at the Ferry Building and limited boat docking at Pier 1½ and 3, maritime activities are no longer significant in the Ferry Building Waterfront area. The Ferry Building Waterfront area abuts downtown San Francisco's diverse mix of urban activities. SWL 351 is immediately adjacent to a private swim and tennis club and is near low to high-rise residential and commercial development. For many years, the site has been used as a surface parking lot. Because SWL 351 is physically cut-off from the water, serves no purpose in furthering maritime commerce, navigation or

fisheries, and the existing surface parking will be replaced with more public parking spaces in an underground parking garage, it is no longer needed or required for the promotion of the Public Trust. In addition, the San Francisco Public Utilities Commission ("SFPUC") operates a force main that serves much of the northeast waterfront which runs through the entire width of SWL 351. No structures can be built over the length of the force main, including a buffer zone around the force main, which in effect, further divides SWL 351 into two smaller and separate areas, making development of Public Trust consistent commercial uses that much more difficult. SWL 351's relatively small size and unusual shape (as currently configured), in addition to the inability to build structures over the SFPUC force main that runs through the entire width of SWL 351 (i) does not allow for the development of any of the uses that would further the overall Public Trust goals of the Waterfront Plan or promote other Public Trust uses such as useable or desirable open space or park use, and (ii) makes development of a Public Trust-consistent commercial use, such as hotel or retail, economically infeasible, as further evidenced by the withdrawal of the only other respondent to the RFP before the Port's review of the proposal even began. Its current use for parking serving the Ferry Building Waterfront area could be better continued as sub-surface parking (as proposed), which would improve the appearance of the site and allow for development of better and additional public-serving Public Trust uses, as further described in item 5 below.

5. *The Trust Termination Parcel can be removed without causing substantial interference with Public Trust uses and purposes and the Trust Parcel is useful for the particular trust purposes authorized by the Burton Act.* In exchange for the lifting of the Public Trust from the Trust Termination Parcel, a greater square footage of land immediately adjacent to SWL 351 will be impressed with the Public Trust. By combining SWL 351 and the 8 Washington site, the resulting land configuration allows for the development of a mixed use project that further promotes Public Trust uses and purposes and realizes the vision put forth in the Waterfront Plan, by, among other things, (i) creating important new visual and pedestrian public access linking Jackson Street to The Embarcadero; (ii) achieving a long term solution to parking needs of the Ferry Building Waterfront area, as well as a central parking location for visitors to the northeastern waterfront; (iii) improving the visual quality of the Ferry Building Waterfront area by locating parking underground and creating an attractive mixed use development that enhances the land side of The Embarcadero and reconnects San Francisco with the waterfront; (iv) creating new parks along The Embarcadero, enhancing the waterfront visitor experience; (v) providing visitor-serving retail uses, including a café in prominent location adjacent to the proposed Pacific Park with waterfront views, (vi) creating new view corridors of the San Francisco Bay through the Project Site, and (vii) creating significant structures that recognize and respect the Port's bulkhead structures across The Embarcadero.

Attachment C shows the Trust Termination Parcel and the Trust Parcel, including their respective square footages. The Trust Termination Parcel, to be conveyed out of the

Public Trust, has an appraised value of \$7,560,000. The Trust Parcel, to be impressed with the Public Trust, has an appraised value of \$8,630,000 confirming the value of the land to be exchanged into the Public Trust equals or exceeds the value of the land to be exchanged out of the Public Trust¹¹.

For the reasons set forth above, the Trust Exchange meets the requirements of Chapter 310.

CEQA FINDINGS AND OVERRIDING CONSIDERATIONS

On March 22, 2012 the San Francisco Planning Commission certified the 8 Washington Final EIR. Before the Port Commission can approve the 8 Washington project, it must review and consider the information in the certified Final EIR and approve Findings in accordance with CEQA (CEQA Findings). The CEQA Findings are provided in Attachment 1 to Port Resolution 12-46. They describe the Project and Final EIR conclusions regarding the Project's significant environmental impacts, required mitigation measures, alternatives studied in the EIR, reasons for rejecting EIR alternatives and selecting the Project, and overriding considerations that outweigh any significant environmental effects that could not be remedied by mitigation measures.

As described in the CEQA Findings, the Project has been refined to reduce the number of condominium units from 145 to 134, with a commensurate reduction in vehicle parking spaces for the residents of the Project from 145 to 127, and the addition of 134 bicycle parking spaces for the residents in addition to 27 bicycle spaces for commuters. The environmental effects of this revised development program are addressed in the "Project Variant" impact analysis in the Final EIR. The required mitigation measures to avoid or reduce significant environmental effects of the Project are the same as for the Project Variant and are presented in a Mitigation Monitoring and Reporting Program ("MMRP"), which is provided as Exhibit A to the CEQA Findings in Attachment 1. The MMRP describes each required mitigation measure and how it would be implemented by the Project Sponsor, the Port or other agencies or parties.

The CEQA Findings identify the following environmental effects that were concluded to be significant and unavoidable impacts after implementation of the required mitigation measures: Transportation impact TR-9, and Air Quality impacts AQ-3, AQ-7, AQ-8, AQ-10. The EIR analysis is conservative in that it includes an analysis that is not required to be analyzed in an EIR and concluded conservatively that Sea Level Rise Impact SLR-3, pertaining to the increased risk of flooding due to climate-induced sea level rise, as an impact to the Project caused by the environment, is significant and unavoidable. The CEQA Findings conclude that with implementation of the required feasible mitigation measures, all significant effects on the environment from implementation of the Project would be eliminated or substantially lessened. All mitigation measures identified in the FEIR that are applicable to the Project are contained in the MMRP and recommended for adoption as part of this approval action. In approving the CEQA

¹¹ The Carneghi-Blum appraisal dated December 20, 2011 was reviewed by the City's Director of Property on April 2, 2012 and found to be well documented with an appropriate conclusion of value.

Findings, the Port Commission determines that any remaining significant effects on the environment found to be unavoidable are acceptable due to specific overriding economic, technical, legal, social and other considerations described below under Conclusions and Staff Recommendation.

NEXT STEPS

If the Port Commission approves the Project at its May 29, 2012 special meeting, the following additional approvals must be obtained before the Port will convey the transaction documents and before construction can proceed on the Project:

1. State Lands Commission approval of the Trust Exchange Agreement
2. Approval by the Board of Supervisors of the Lease, Purchase and Sale Agreement, Trust Exchange Agreement and the Maintenance Agreement
3. Issuance of building and encroachment permits for construction of the improvements on Port property

CONCLUSION

Today's hearing is a major step forward in the continuing process of transforming the waterfront to the vision set forth in the Waterfront Land Use Plan. The benefits of having this active, new use on the waterfront will be enjoyed for many generations by residents and visitors alike. Additionally, the Project will generate stable new revenues to the City and the region and the Port.

Project Benefits to the City and Region

- **Housing.** The Project will increase the City's housing stock by providing up to 134 new housing units, partially addressing the shortage of units at all income levels identified in the City's Housing Needs Assessment. Providing new market rate housing expands the range of housing types that serve the diverse needs of San Francisco's residents and improves San Francisco's jobs/housing balance, an important issue recently spotlighted in local media¹². The Project will also contribute to the production of affordable housing units in the City by the Developer paying an in lieu fee in compliance with the City's Residential Inclusionary Affordable Housing Program. As explained above, the Developer will contribute additional funds to fund affordable housing projects in the City. Furthermore, because there are no existing housing units on the Project site, the Project will not result in the demolition of any existing housing units or the displacement or relocation of any residents.
- **Parks and Open Space.** The Project would create new parks and publicly accessible open space. In particular, the Project would create an approximately 10,450 square foot public open space corridor north of the proposed residential buildings that would reconnect the City with the waterfront along the Jackson Street alignment (Jackson Commons). The Project would also create an approximately 11,840 square foot publicly accessible park at the northern end of

See Link: ¹² <http://www.sfexaminer.com/local/2012/05/housing-creation-lagging-even-demand-booms>

the site along and north of the Pacific Avenue alignment (Pacific Park). These new open spaces would both visually and physically reconnect the City with the waterfront fulfilling a major goal of the Port's Waterfront Land Use Plan by activating the western edge of The Embarcadero with uses that capitalize on over a decade of Public-Private investment in the Ferry Building Waterfront Area. In addition, the Project would provide an additional approximately 2,890 square feet of publically accessible open space along the existing Drumm Street pedestrian path.

- **New Neighborhood-Serving Retail Uses.** The Project would create approximately 19,800 square feet of ground floor, restaurant, retail and café space, where none currently exists, which would serve existing residents in the Golden Gateway area as well as new residents and waterfront visitors. These new uses economically and aesthetically compliment the many successful retail efforts now thriving at the Ferry Building, Piers 1½-3-5 and Pier 7.
- **Transportation.** The Project would provide pedestrian and circulation improvements, including pedestrian access through the former Jackson Street and Pacific Avenue rights-of-way which are currently blocked by the Golden Gateway Tennis & Swim Club. The Project would be located near an abundance of transit options and adjacent to the Downtown, Chinatown, and North Beach areas, which would encourage residents, visitors, and workers to travel to and from the project site by transit, bicycle and foot, rather than by private automobile contributing to the City's Transit First goals through reduced congestion and reduced emissions.
- **Land Use and Urban Design.** The Project would redevelop an underutilized urban infill site, which currently consists of a surface parking lot and health club facilities surrounded by a 14 foot tall chain-link fence, with a new mixed use, high-density development with housing, ground floor retail uses, and new public parks and open space. The Project would enliven and activate the pedestrian experience along The Embarcadero and Washington Street by including multiple, ground floor, retail uses and well-designed public open space that would be located within walking distance of multi-modal transit stations. The Project would reconnect the Downtown and landside neighborhoods with the Waterfront and would make the area inviting to workers and local residents as well as visitors.
- **Economic Development and Jobs.** The Project would generate 250 jobs during the construction of the Project as well as 140 permanent employment opportunities to support the Project's new residential and commercial uses during a period of high unemployment in the City and the region. The Project would encourage participation by small and local business enterprises through a comprehensive employment and contracting policy. The Project's new retail uses would provide opportunities for resident employment and business ownership, and the proposed addition of up to 134 new households would strengthen business at existing establishments in the vicinity of the project site. Furthermore, the Project would provide the City with net new property value by

developing an underutilized infill site with new residential and commercial uses, taxes on which would help fund critical City services and programs.

Project Benefits Specific to the Port

In addition to the benefits described above, the Port achieves many benefits from this Project:

- The Project will continue the Port's efforts, begun with Pier 1, the Ferry Building and Piers 1½-3-5, to revitalize the Port's waterfront and realize the vision put forth in the Waterfront Land Use Plan. The design complements the character of the Embarcadero National Register Historic District, and responds to the design criteria of the Port's Waterfront Design & Access Element of the Waterfront Land Use Plan, and the Northeast Embarcadero Study completed by the Planning Department.
- The Jackson Street and Pacific Avenue corridors will be re-opened to provide public access and new views of the water, thereby fulfilling one of the Port's goals to increase public access to the waterfront and connection to the Bay.
- The Project will provide substantial benefits including both one time payments in connection with the Project applicant's purchase of portions of Seawall Lot 351, and ongoing payments in perpetuity in connection with the transfer of condominium units that will be developed on the Project site. These revenues will be used to support waterfront improvement projects and Port public trust responsibilities. The Port will also receive revenue from the infrastructure financing district that is proposed to be established as part of the Project, and these revenues will be used to fund a variety of Port improvement projects.
- The Project will provide the Port with an underground public parking facility, including no less than 175 public parking spaces to serve and support the continued economic viability of the Ferry Building Waterfront area. Furthermore, the Project will beautify and enliven the Ferry Building Waterfront area by replacing the existing surface parking lot on Seawall Lot 351 with a dense, mixed use development with underground parking and ground floor retail uses.
- The Drumm Street walkway will be enhanced by widening this pedestrian way by 12 feet and Pacific Park and the Port restaurant fronting Pacific Park will provide a destination for this pedestrian walkway.
- The Project will create a distinctive design and presence on the waterfront that will make the Project a destination that appeals to residents of San Francisco and the Bay Area, as well as to visitors from outside the region.
- The Project eliminates the only curb cut on the inland side of The Embarcadero Roadway between King and Bay Streets which will improve bike safety and further The Embarcadero's role as a major bicycle route.
- The Project's proposed below-grade parking garage replaces diminishing parking resources in the Ferry Building waterfront area and ensures the continued

economic vitality of the Ferry Building Marketplace and Farmer's Market, and the retail and restaurant uses at the Ferry Building, Pier 1 and Piers 1½ – 5 and Pier 7.

- Through street-level retail and restaurant uses, the Project creates new or enhanced pedestrian, public access and circulation improvements that will further connect the City with the waterfront and activate, enhance and beautify the Ferry Building waterfront area and the Golden Gateway area.
- The Developer will construct a sustainable project that achieves high-quality urban design and LEED Gold standards that enhance the existing urban design character of the area while recognizing and respecting the character of the Ferry Building, The Embarcadero Roadway and the mid-Embarcadero open space improvements including Harry Bridges Plaza and Sue Bierman Park.
- The Project complements the rich architectural character of the Embarcadero National Historic District including the features of the pier bulkhead buildings on the east side of The Embarcadero.
- The Project reconnects the downtown, Chinatown, and Golden Gateway landside neighborhoods with the waterfront by re-opening up Jackson Street and the Pacific Avenue walkway to The Embarcadero and widening the Drumm Street walkway.
- The Project will widen the Drumm Street garden walkway to increase views, light, safety and encourage pedestrian use and views of the waterfront.
- The reconfiguration of the rebuilt Health Club eliminates tennis courts to focus on aquatic programs and enables widening of the adjacent Embarcadero sidewalk.

Having considered these benefits and Project refinements, the Port Commission finds that the benefits of the Project outweigh the unavoidable adverse environmental effects, and that the adverse environmental effects are disclosed in the Final EIR. The Port Commission further finds that each of the above considerations is sufficient to approve the Project. For each of the reasons stated above, and all of them, the Project should be implemented notwithstanding the significant unavoidable adverse impacts identified in the Final EIR

STAFF RECOMMENDATION

Beginning with the 2008 Request for Proposals, the Port, working with its development partner, the City, Regulatory Agencies and numerous stakeholders, has diligently pursued and patiently shepherded the development project finally before the Port Commission at its May 29, 2012 special meeting. Because of the citywide importance of the SWL 351 site to the Port and to the City, the agreements before the Port Commission and the public contain particular provisions to assure the excellence and integrity of design, construction and management are appropriate for this highly visible, valuable location. Through the provision of market rate and affordable housing, new

parks and expanded open space, vibrant retail and an appropriate amount of off street parking, the SWL 351 / 8 Washington Project completes the vision for the Ferry Building Waterfront Area carefully delineated in the Waterfront Land Use Plan and so well expressed by the public-private investments at the Ferry Building, Pier 1, Piers 1½ – 5, Pier 7 and The Embarcadero Roadway. With great respect for these major accomplishments, Port staff respectfully request the following:

- 1) Adoption of the CEQA findings in Attachment A to Resolution 12-46;
- 2) Adoption of the mitigation and improvement measures and the Mitigation Monitoring and Reporting Program also included as Exhibit A to Attachment A; and
- 3) Approval of the Transaction Documents, in conformance with the terms described above, and of the Schematic Drawings

Prepared by: Phil Williamson, Project Manager
Jonathan Stern, Asst. Deputy Director, Planning & Development

For: Byron Rhett, Deputy Director, Planning & Development

Attachments

Attachment A:	CEQA Findings
	Exhibit A: Mitigation Monitoring and Reporting Program
Attachment B:	Premises Map
Attachment C:	Trust Parcel Descriptions
Attachment D:	Port Payment Cash Flow Summary

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 12-46

- WHEREAS, The 8 Washington/Seawall Lot 351 Project ("**Project**") comprises the development of approximately 134 residential units, ground floor restaurant and retail space, publicly accessible open spaces, a health club, and an underground parking garage with up to 389 parking spaces on a project site that includes Seawall Lot 351 ("**SWL 351**") and an adjacent, privately held parcel, and includes a public trust exchange to transfer the public trust designation from a portion of SWL 351 to that portion of the project site that will be improved with uses that benefit the public trust and which will be under the jurisdiction of the Port Commission; and
- WHEREAS, On June 15, 2011, the San Francisco Planning Department published a Draft Environmental Impact Report ("**EIR**") which was available for public comment until August 15, 2011, and on July 21, 2011 the Planning Commission held a public hearing to solicit comments regarding the Draft EIR. On December 22, 2011, the Planning Department published the Comments and Responses on the Draft EIR which together with the Draft EIR constitute the Final EIR; and
- WHEREAS, On March 22, 2012, the Planning Commission reviewed and considered the Final Environmental Impact Report ("**Final EIR**") in Planning Department File No. 2007.0030E and found that the contents of said report and the procedures through which the Final EIR was prepared, publicized, and reviewed complied with the provisions of the California Environmental Quality Act ("**CEQA**"), the CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code and found further that the Final EIR reflects the independent judgment and analysis of the City and County of San Francisco, is adequate, accurate and objective, and that the Comments and Responses document contains no significant revisions to the Draft EIR, and certified the completion of said Final EIR in compliance with CEQA and the CEQA Guidelines; and
- WHEREAS, The Port Commission has reviewed and considered the information contained in the Final EIR, all written and oral information provided by the Planning Department, the public, relevant public agencies and the administrative files for the Project and the Final EIR; and
- WHEREAS, The Project and EIR files have been made available for review by the Port Commission and the public, and those files are part of the record before the Port Commission; and

- WHEREAS, The Planning Department, Linda Avery, is the custodian of records, located in Case Number 2007.0030E, and those files are part of the record before this Port Commission; and
- WHEREAS, Port staff has prepared findings, as required by CEQA ("**CEQA Findings**"), which are attached to this resolution as Attachment A, which includes a Mitigation Measure and Reporting Program ("**MMRP**"); and
- WHEREAS, The CEQA Findings and the MMRP were made available to the public and the Port Commission for the Port Commission's review, consideration and action; now therefore, be it
- RESOLVED, The Port Commission has reviewed and considered the Final EIR and adopts the CEQA Findings and MMRP for the Project, as presented in Attachment A, and incorporates those findings, including the Statement of Overriding Considerations, in this resolution by this reference; and, be it further
- RESOLVED, The Port Commission, in exercising its independent judgment, has relied upon and reviewed the information contained in the CEQA Findings, which describe the Project and Final EIR, and rejects alternatives to the Project for the reasons set forth in the CEQA Findings; and, be it further
- RESOLVED, The Port Commission adopts the CEQA Findings and the MMRP as the required mitigation measures to be implemented as part of the Project, where the Port Commission finds that all of the mitigation measures set forth in the Final EIR are feasible, and hereby adopts all mitigation measures as described in Attachment A in support of the approval of the Project, including any other actions necessary to secure other regulatory approvals to implement the Project, construction implementation, approval of the Development and Disposition Agreement, Purchase and Sale Agreement, Ground Lease, Trust Exchange Agreement with the California State Lands Commission, Maintenance Agreement, and related actions to implement the Project involving use of SWL 351 located along The Embarcadero waterfront between Washington Street and Broadway.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 29, 2012.

Secretary

ATTACHMENT A TO RESOLUTION NO. 12-46

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ATTACHMENT A TO PORT RESOLUTION No. 12-46

SEAWALL LOT 351/8 WASHINGTON STREET

**CALIFORNIA ENVIRONMENTAL ACT FINDINGS:
FINDINGS OF FACT, EVALUATION OF MITIGATION MEASURES AND ALTERNATIVES, AND
STATEMENT OF OVERRIDING CONSIDERATIONS**

SAN FRANCISCO PORT COMMISSION

ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, INCLUDING FINDINGS REJECTING ALTERNATIVES AS INFEASIBLE, ADOPTING A STATEMENT OF OVERRIDING CONSIDERATIONS, AND ADOPTING A MITIGATION, MONITORING, AND REPORTING PROGRAM, RELATING TO A PROPOSAL TO DEMOLISH AN EXISTING SURFACE PARKING LOT AND HEALTH CLUB, AND TO CONSTRUCT A NEW HEALTH CLUB, RESIDENTIAL BUILDINGS RANGING FROM FOUR TO TWELVE STORIES IN HEIGHT CONTAINING 134 DWELLING UNITS, GROUND-FLOOR RETAIL USES TOTALING APPROXIMATELY 20,000 SQUARE FEET, AND 400 OFF-STREET PARKING SPACES, ON A BUILDING SITE CONSISTING OF PRIVATELY OWNED PROPERTY (ASSESSOR'S BLOCK ____, LOT ____) AND SEAWALL LOT 351 UNDER THE JURISDICTION OF THE PORT OF SAN FRANCISCO, WITHIN THE RC-4 (RESIDENTIAL-COMMERCIAL, HIGH DENSITY) DISTRICT AND THE 84-E HEIGHT AND BULK DISTRICT.

PREAMBLE

On April 25, 2011, San Francisco Waterfront Partners II, LLC ("Project Sponsor") filed an application with the Planning Department ("Department") for Conditional Use Authorization to allow development exceeding 50 feet in height within an RC District, to allow an accessory off-street parking garage, to allow commercial uses above the ground floor, and to allow non-residential uses exceeding 6,000 square feet, and to approved a Planned Unit Development, pursuant to Planning Code Sections ("Sections") 209.7(d), 209.8(c), 209.8(f), 253, 303, and 304, to allow a project that would demolish an existing surface parking lot and health club and construct a new health club, residential buildings ranging from four to twelve stories in height containing 134 dwelling units, ground-floor retail uses totaling approximately 20,000 square feet, and 400 off-street parking spaces, located at 8 Washington Street, Lot 058 within Assessor's Block 0168, Lot 069 within Assessor's Block 0171, Lot 012 of Assessor's Block 0201, and Seawall Lot 351, which includes Lot 013 of Assessor's Block 0201 ("Project Site), within the RC-4 (Residential-Commercial, High Density) District and the 84-E Height and Bulk District. The project requests specific modifications of Planning Code requirements regarding bulk limitations, rear yard, and off-street parking quantities through the Planned Unit Development process specified in Section 304 (collectively, "Project").

On January 3, 2007, the Project Sponsor submitted an Environmental Evaluation Application with the Department, Case No. 2007.0030E. The Department issued a Notice of Preparation of Environmental Review on December 8, 2007, to owners of properties within 300 feet, adjacent tenants, and other potentially interested parties.

On June 15, 2011, the Department published a draft Environmental Impact Report (EIR) for public review. The draft EIR was available for public comment until August 15, 2011. On July 21, 2011, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to solicit comments regarding the draft EIR. On December 22, 2011, the Department published a Comments and Responses document, responding to comments made regarding the draft EIR prepared for the Project.

On March 22, 2012, the Planning Commission reviewed and considered the Final EIR and found that the contents of said report and the procedures through which the Final EIR was prepared, publicized, and reviewed complied with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) ("CEQA"), 14 California Code of Regulations Sections 15000 et seq. ("the CEQA Guidelines"), and Chapter 31 of the San Francisco Administrative Code ("Chapter 31"). The Planning Commission approved Motion ____ certifying the Final EIR, and found was adequate, accurate and objective, reflected the independent analysis and judgment of the Department and the Commission, and that the summary of comments and responses contained no significant revisions to the draft EIR, and approved the Final EIR for the Project in compliance with CEQA, the CEQA Guidelines and Chapter 31.

The Planning Department, Linda Avery, is the custodian of records, located in the File for Case No. 2007.0030E, at 1650 Mission Street, Fourth Floor, San Francisco, California.

Planning Department staff prepared a Mitigation Monitoring and Reporting program ("MMRP"), which material was made available to the public and Port Commission for its review, consideration and action.

On March 13, 2007, the Project Sponsor submitted a request for review of a development exceeding 40 feet in height, pursuant to Section 295, analyzing the potential shadow impacts of the Project to properties under the jurisdiction of the Recreation and Parks Department (Case No. 2007.0030K). Pursuant to Section 295, the Planning Commission and the Recreation and Park Commission, on February 7, 1989, adopted standards for allowing additional shadows on the greater downtown parks (Resolution No. 11595). At the time the standards were adopted, Sue Bierman Park did not exist in its present form and configuration. Therefore, no standards have been adopted establishing an absolute cumulative limit for Sue Bierman Park, in its present configuration. The Planning Commission and the Recreation and Park Commission held a duly advertised joint public hearing on March 22, 2012 and adopted Resolution No. ____ establishing an absolute cumulative shadow limit equal to 0.00067 percent of the TAAS for Sue Bierman Park.

On March 22, 2012, the Recreation and Park Commission conducted a duly noticed public hearing at a regularly scheduled meeting and recommended that the Planning Commission find that the shadows cast by the Project on Sue Bierman Park will not be adverse. On March 22, 2012, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting and adopted Motion No. ____ determining that the shadows cast by the Project on Sue Bierman Park will not be adverse, and allocating the absolute cumulative shadow limit of 0.00067 percent to the Project.

On August 9, 2011, the Project Sponsor submitted a request to amend Height Map HT01 of the Zoning Maps of the San Francisco Planning Code to reclassify two portions of the southwestern area of the development site from the 84-E Height and Bulk District to the 92-E Height and Bulk District in one portion, and the 136-E Height and Bulk District in another portion (Case No. 2007.0030Z). On March 22,

2012, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting and adopted Resolution No. _____, recommending that the Board of Supervisors approve the requested Height Reclassification.

On August 9, 2011, the Project Sponsor submitted a request to amend "Map 2 - Height and Bulk Plan" within the Northeastern Waterfront Area Plan of the General Plan, to reclassify two portions of the southwestern portion of the development site from the existing 84-foot height limit to a height of 92 feet in one portion, and 136 feet in another portion. On December 8, 2011, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting and adopted Resolution No. 18501, initiating the requested General Plan Amendment. On March 22, 2012, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting and adopted Resolution No. _____, recommending that the Board of Supervisors approve the requested General Plan Amendment.

On December 1, 2011, the Project Sponsor submitted a request for a General Plan Referral, Case No. 2007.0030R, regarding the inclusion of Seawall Lot 351 Public Trust Land, changes in use of various portions of the property (including the publicly-owned Seawall Lot 351), and subdivision associated with the Project. On March 22, 2012, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting and adopted Motion No. _____ determining that these actions are consistent with the objectives and policies of the General Plan and the Priority Policies of Section 101.1.

FINDINGS

In determining to approve the 8 Washington Street project described in Section I below (referred to herein as the "Project"), the San Francisco Planning Commission adopted findings of fact and decisions regarding mitigation measures and alternatives, and adopted the statement of overriding considerations, based on substantial evidence in the whole record of this proceeding and under the California Environmental Quality Act ("CEQA"), California Public Resources Code Sections 21000 et seq., particularly Sections 21081 and 21081.5, the Guidelines for Implementation of CEQA ("CEQA Guidelines"), 14 California Code of Regulations Sections 15000 et seq., particularly Sections 15091 through 15093, and Chapter 31 of the San Francisco Administrative Code. The CEQA findings, Statement of Overriding considerations and Mitigation Monitoring and Reporting Program are attached as Attachment A to Motion _____.

In determining to approve the 8 Washington Street project, the San Francisco Port Commission makes and adopts the following findings of fact and decisions regarding the Project description and objectives, significant impacts, mitigation measures and alternatives, and adopts the statement of overriding considerations, based on substantial evidence in the whole record of this proceeding and under the California Environmental Quality Act ("CEQA"), California Public Resources Code Sections 21000 et seq., particularly Sections 21081 and 21081.5, the Guidelines for Implementation of CEQA ("CEQA Guidelines"), 14 California Code of Regulations Sections 15000 et seq., particularly Sections 15091 through 15093, and Chapter 31 of the San Francisco Administrative Code. The CEQA findings, Statement

of Overriding considerations and Mitigation Monitoring and Reporting Program are attached as Attachment A to Port Resolution No. 12-46, dated May 29, 2012. The Port Commission adopts these findings as **Attachment A** to Port Resolution No. 12-46 and has incorporated these findings therein by reference.

This document is organized as follows:

Section I provides a description of the Project proposed for adoption, the environmental review process for the Project, the approval actions to be taken and the location of records;

Section II identifies the impacts found not to be significant that do not require mitigation;

Sections III identifies potentially significant impacts that can be avoided or reduced to less-than-significant levels through mitigation and describe the disposition of the mitigation measures;

Sections IV identifies significant impacts that cannot be avoided or reduced to less-than-significant levels and describe any applicable mitigation measures as well as the disposition of the mitigation measures;

Section V identifies improvement measures that would further reduce impacts identified as less than significant and describes the disposition of the improvement measures;

Section VI discusses mitigation measures and project modifications proposed by commenters and, for mitigation measures or project modifications proposed by commenters that are not being adopted, describes the reasoning why the Agency is rejecting these mitigation measures and project modifications;

Section VII evaluates the different Project alternatives and the economic, legal, social, technological, and other considerations that support approval of the Project and the rejection of the alternatives, or elements thereof, analyzed; and

Section VIII presents a statement of overriding considerations setting forth specific reasons in support of the Agency's actions and its rejection of the alternatives not incorporated into the Project.

The Mitigation Monitoring and Reporting Program ("MMRP") for the mitigation measures that have been proposed for adoption is attached with these findings as **Exhibit A**. The MMRP is required by CEQA Section 21081.6 and CEQA Guidelines Section 15091. **Exhibit A** provides a table setting forth each mitigation measure listed in the Final Environmental Impact Report for the Project ("Final EIR" or "FEIR") that is required to reduce or avoid a significant adverse impact. **Exhibit A** also specifies the agency responsible for implementation of each measure and establishes monitoring actions and a monitoring schedule. The full text of the mitigation measures is set forth in **Exhibit A**.

These findings are based upon substantial evidence in the entire record before the Agency. The references set forth in these findings to certain pages or sections of the Draft Environmental Impact Report ("Draft EIR" or "DEIR") or the Comments and Responses document ("C&R") in the Final EIR are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings.

I. APPROVAL OF THE PROJECT

The Project is similar to the Large Fitness Center Project Variant ("Project Variant") that was analyzed in the Final EIR, Chapter VII, C&R IV.37-44, which provided 160 residential units and 420 parking spaces (160 residential and 260 public parking spaces). Under the Project Variant, the café to be constructed at the corner of The Embarcadero and Jackson Street was approximately 1,915 square feet. On February 17, 2012, the Project Sponsor submitted a request with refinements to the Project to reduce the number of dwelling units from 145 to 134, with a commensurate reduction in the number of off-street residential parking spaces from 145 to 134, added 134 bicycle spaces for residents, and slightly reduced the size of the café to approximately 1,800 square feet. A more detailed summary of the Project and its environmental analysis is presented in Sections I.A, I.C and I.D.

A. Project Description

The Project involves the development of two mixed-use buildings containing 134 residential units, ground floor restaurants and retail of about 20,000 gross square feet, a new indoor and outdoor health club and aquatics facility, new public parks and open space and an underground parking garage. The proposed buildings would be built to Leadership in Energy and Environmental Design (LEED) Gold standards. One of the two residential buildings would be built along The Embarcadero (four to six stories, 48-70 feet tall) and the other would be built along Drumm Street (7-12 stories, 81-136 feet tall). The residential buildings would be connected at the ground floor by a one-story central space along Washington Street, marking the main residential entrance to the buildings. A private central courtyard, accessible to residents and visible to the public, would be located in the ground-floor area between the two buildings. Setbacks would be incorporated into the building along The Embarcadero at the fifth and sixth levels, and into the building along Drumm Street at the eighth, ninth, and twelfth levels. The residential buildings would use a base isolation structural system for the building foundation.

The ground floor of the proposed residential buildings would contain a lobby and common areas, private residential amenities, retail spaces, and restaurants. The retail spaces would range in size from approximately 835 gross square feet to approximately 6,670 gross square feet. A proposed restaurant would occupy the southern portion of the east building at the ground floor and would front on The Embarcadero and Washington Street. The entrance to the restaurant would be at the chamfered southeast corner of the ground floor. Outdoor seating areas would be provided within covered patios along The

Embarcadero and Washington Street. A small café/retail space is proposed for the southwest corner of the site, at Drumm Street and Washington Street.

A new public open space totaling approximately 10,450 square feet would be developed to the north of the residential buildings along the Jackson Street alignment ("Jackson Commons"). Jackson Commons would provide pedestrian views and access to the waterfront and would connect Jackson Street to The Embarcadero. Landscape and a meandering pedestrian path would lead to a more hardscaped area with public seating at The Embarcadero. In addition, the current Drumm Street Garden Walk would be widened and improved to create a better pedestrian experience and connection to the waterfront.

The approximately 16,350 square foot new indoor fitness and health club would be located in a new one and two story building north of Jackson Street along The Embarcadero. The building form would be defined by a sloping green roof that is predominantly 17 feet in height at the southern end of the health club, and rise to a peak of 35 feet at the northern end to conceal an elevator shaft. This elevator would provide access to the second floor of the health club. Approximately 21,500 square feet of outdoor recreation space including at least one large lap and recreation pool would be constructed. The swimming pool(s) would be constructed at ground level, and no tennis courts would be constructed on the site. The balance of the outdoor space would be programmed with ample lounging area, a Jacuzzi, and a barbeque area. An approximately 1,800 square foot café at The Embarcadero and Jackson Street would also be within the health club building and would be open to the public with outdoor seating within the Jackson Commons.

An approximately 4,000 square foot, one-story, 18-foot-tall restaurant building would be constructed immediately to the north of the proposed health club building and swim deck area. The restaurant building would front on a new, approximately 11,255 square foot, publicly accessible open space ("Pacific Park") at the northern end of the project site, which would contain an approximately 4,500 square foot children's interpretive sculptural garden. The restaurant would include an approximately 4,000 square rooftop deck, with public access via an elevator. The building would be a semi-transparent pavilion with an enclosable outdoor patio that is designed for year round use to activate the proposed publicly accessible open space.

Parking for residents and the public would be provided on three levels below the proposed residential buildings. The proposed parking would include up to 389 spaces, including 134 spaces for residents and 255 public spaces to serve the Ferry Building and Waterfront area businesses, onsite retail, restaurant, and health club uses. Pedestrian access to the public parking garage would be through an elevator entrance along Washington Street entered to the east of the residential lobby and an elevator entrance along Jackson Commons. Elevators would connect the private residential underground parking to the ground and upper floors of the proposed buildings. Vehicle access to the parking garage would be through a two-way ramp directly off of Washington Street west of the lobby entrance. All curb cuts along The

Embarcadero would be eliminated. 161 bicycle parking spaces and 6 car share spaces would be provided along with showers and lockers for bicyclist's use.

B. Project Objectives

San Francisco Waterfront Partners II, LLC (the "Project Applicant") seeks to achieve the following objectives by undertaking the Project:

- To develop a high-quality, sustainable, and economically feasible high-density, primarily residential, project within the existing density designation for the site, in order to help meet projected City housing needs and satisfy the City's inclusionary affordable housing requirements.
- To create new pedestrian, public access and circulation improvements and street-level retail and/or restaurant uses that will reconnect the City with the waterfront and enhance and beautify the Ferry Building waterfront area and the Golden Gateway area.
- To develop a project that achieves high-quality urban design and LEED Gold or equivalent sustainability standards and that enhances the existing urban design character of the area.
- To increase the supply of public underground parking to support the continued economic viability of the Ferry Building Farmer's Market and the retail and restaurant uses at the Ferry Building, Pier 1 and Piers 1-1/2 – 5.
- To complete the project on schedule and within budget.
- To construct a high-quality project that includes a sufficient number of residential units to produce a reasonable return on investment for the project sponsor and its investors and is able to attract investment capital and construction financing, while generating sufficient revenue to finance the recreation, parking, and open space amenities proposed as part of the project.
- To develop a project with minimal environmental disruption.
- To construct recreation and open space that serves Golden Gateway residents, San Franciscans, and waterfront visitors alike.

The Port of San Francisco's (the "Port's") objectives for the development of Seawall Lot 351 are as follows:

Design Objectives

Attachment A – Seawall Lot 351/8 Washington Project CEQA Findings

- The design of new development should respect the character of the Ferry Building, The Embarcadero Roadway, the mid-Embarcadero open space improvements (Harry Bridges Plaza and Sue Bierman Park), and the Golden Gateway project.
- Construct new development which complements the rich architectural character of the Embarcadero National Register Historic District and is complementary to the architectural features of the pier bulkhead buildings.
- Reinforce the large scale (grand boulevard) of The Embarcadero by using bold forms, deeply recessed building openings, and strong detailing on building façades facing The Embarcadero.
- Consider emphasis on the corner of Washington and The Embarcadero in a manner that strengthens or enhances the Mid-Embarcadero open spaces and pedestrian experience.
- To define the north edge of adjacent open space, new development should acknowledge the massing and street enclosure relationship with the bulkhead buildings across The Embarcadero (e.g., bold forms of similar height, constructed to The Embarcadero edge).
- Maintain and enhance the view corridors along The Embarcadero and down Washington Street. Recognize the visual connection from the Ferry Building and Pier 1 to Coit Tower in a manner that preserves the iconic vista and acknowledges the landmark status of these sites.
- Propose a building height and massing that fits within the neighborhood context formed by the William Heath Davis Building of the Golden Gateway Center, the Golden Gateway Commons condominiums and the heights of the historic Pier 1 through Pier 5 bulkhead buildings.
- Preserve open views and pedestrian access through landscaped improvements or waterfront-serving activity that does not require a permanent structure (e.g., outdoor café, flower market, bike shop) along the sewer easement in the SWL 351 portion of the Jackson Street right-of-way.
- Proposed design should consider the appearance of all rooftop equipment as seen from the street and the elevation of neighboring buildings and hills. Consider active roofs, with careful placement of elevator towers that provide access to the roof.
- Primary uses and pedestrian entrances should face The Embarcadero, and incorporate lighting and other amenities to create enlivened street activity.
- Avoid blank ground floor walls along The Embarcadero and Washington Street by providing views into the ground floor of buildings.
- Avoid service and parking access from The Embarcadero.

- Design and locate parking facilities to minimize their aesthetic presence and impact on the surrounding area.
- Utilize best efforts to meet or exceed the City's Green Building Standards and best sustainability practices.
- Comply with Regional Water Quality Control Board performance criteria and the Port's Storm Water Management Plan for the reduction of stormwater pollution impacts associated with newly constructed facilities.

Development Program Objectives

- Promote public enjoyment of and access to the waterfront by providing a destination that welcomes diverse users, including workers, San Francisco residents, and visitors to the waterfront and the adjacent public open spaces including Sue Bierman Park and Justin Herman Plaza.
- Encourage pedestrian flow from the Ferry Building, Pier 1, and Sue Bierman Park to the site and to the greater waterfront through project design, onsite public open spaces, location of parking, and appropriate uses.
- Activate and revitalize the waterfront edge during the evenings and weekends to complement the weekday office uses in the adjacent downtown buildings.
- Create an enlivened pedestrian experience along The Embarcadero and Washington Street by considering multiple uses and storefronts on the ground floor and well located public open space on the site.
- Reconnect the downtown and landside neighborhoods with the waterfront and make the area inviting to workers and local residents as well as visitors.
- Provide a development program which includes no fewer than 90 parking spaces for visitors to the Ferry Building waterfront area. Operate parking in a manner to optimize utilization and minimize impact on traffic and the neighborhood.
- Realize Port revenue to support the Port's public trust responsibilities, which include maintaining maritime industries, creating public-oriented activities and open space waterfront improvements, preserving historic maritime resources, and maintaining Port facilities.

C. Environmental Review

The San Francisco Planning Department ("Planning Department"), as lead agency for the Project, initiated environmental review of the Project after the Project Applicant filed an environmental evaluation ("EE") application on January 3, 2007. In accordance with Sections 15063 and 15082 of the CEQA Guidelines, the Planning Department published a Notice of Preparation of an EIR/Initial Study (the "NOP/Initial Study") for the initial project proposal on December 8, 2007 to focus the scope of the EIR on potentially significant effects of the initial project proposal. Publication of the NOP/Initial Study initiated a 30-day public comment period, and comment letters were submitted to the Planning Department during this period.

On August 15, 2008, the Port issued a Request for Proposals (RFP) for the development of Seawall Lot 351. The RFP was re-issued on November 10, 2008. Two parties submitted timely proposals: San Francisco Waterfront Partners II and a development group led by Dhaval Panchal (which later withdrew its proposal). On February 24, 2009, the Port Commission authorized Port staff to enter into an exclusive negotiating agreement with San Francisco Waterfront Partners II, finding that the proposal submitted by San Francisco Waterfront Partners II meets the requirements of the RFP and meets the Port's objectives for Seawall Lot 351.

In February 2009, Supervisor David Chiu urged the Port of San Francisco to engage the San Francisco Planning Department to lead a planning analysis of the Port's surface parking lots north of Market Street. The Port Commission funded a focused study managed by the Planning Department to foster community consensus on the future of Port Seawall Lot 351 and at other seawall lot properties on the northern waterfront. Public participation and comment was sought in a series of five public workshops. This work began in May 2009 and was completed in May 2010. The Planning Department published the results of its study in June 2010 in a document entitled *Northeast Embarcadero Study: An Urban Design Analysis for the Northeast Embarcadero Area*. On July 8, 2010, the San Francisco Planning Commission adopted a resolution that it "recognizes the design principles and recommendations of the Study" and "urges the Port of San Francisco to consider the recommendations of the Northeast Embarcadero Study when considering proposals for new development in the study area." The Planning Commission resolution did not adopt the Northeast Embarcadero Study as a planning document. The resolution states that the Planning Commission did not commit to approve any project to be considered within the Northeast Embarcadero Study area in the future, and that no such project could be considered until after completion of environmental review under the California Environmental Quality Act (CEQA).

On July 27, 2010, SFWP submitted an EE application for a revised project proposal. The San Francisco Planning Department then prepared the Draft EIR, which describes the proposed project and the environmental setting, identifies potential impacts, presents mitigation measures for impacts found to be significant or potentially significant, and evaluates project alternatives. In assessing construction and operational impacts of the project, the Draft EIR considers the impact of the Project and the cumulative impacts associated with the proposed project in combination with other past, present, and future actions with potential for impacts on the same resources. Each environmental issue presented in the Draft EIR is

analyzed with respect to significance criteria that are based on the San Francisco Planning Environmental Review ("ER") guidance regarding the environmental effects to be considered significant. ER guidance is, in turn, based on CEQA Guidelines Appendix G, with some modifications.

The Department published the Draft EIR on June 15, 2011, which was circulated to local and state agencies and to interested organizations and individuals for review and comment for over a 60-day public review period, which ended on August 15, 2011. The San Francisco Planning Commission held a public hearing to solicit testimony on the Draft EIR on July 21, 2011. A court reporter was present at the public hearing, transcribed the oral comments verbatim, and prepared written transcripts. The Planning Department also received written comments on the Draft EIR, which were sent through mail, fax, or email.

The San Francisco Planning Department then prepared the C&R. This document, which provides written response to each comment received on the Draft EIR, was published on December 22, 2011 and included copies of all of the comments received on the Draft EIR and individual responses to those comments. The C&R provided additional, updated information and clarification on issues raised by commenters, as well as Planning Department Draft EIR text changes. The Draft EIR, the C&R and all errata sheets, and all of the supporting information constitute the Final EIR.

The Final EIR includes updates and refinements to the Draft EIR project description, including the Project Variant, which is a design variation that modifies limited features of the proposed project described in the Draft EIR. As discussed in the Final EIR, the Project Variant would be comprised of the same uses as the proposed project described in the Draft EIR. The two residential buildings south of Jackson Commons would be similar to the Draft EIR's proposed project in their lobby, restaurant and retail spaces, and access. However, the Project Variant would have 160 residential units instead of the 165 residential units proposed for the project as described in the DEIR, and the Project Variant may also include a base isolation structural system as part of the foundation for the residential buildings. The proposed parking garage and its entrance on Washington Street would remain the same.

The proposed Jackson Commons would remain in the same location under the Project Variant. The proposed health club building north of Jackson Commons would be larger in size under the Project Variant (16,350 gross square feet as compared to 12,800 gross square feet), but similar in height to the Draft EIR's proposed project. Under the Project Variant, the café located in the health club building would be similar in size (1,915 gross square feet compared to 1,850 gross square feet) as under the Draft EIR's proposed project. Under the Project Variant, the recreational swimming and lap pools would be at ground level, and no tennis courts would be constructed on the project site. In addition to the landscaping proposed for Pacific Park, the Project Variant would include a children's interpretative sculpture garden with an interactive water feature. The amount of off-street parking would remain 420 off street spaces under the Project Variant, with 160 spaces allocated to the 160 residential units and 260

spaces of public parking. Total restaurant/retail space would be reduced from 29,100 gross square feet to 19,800 gross square feet under the Project Variant as compared to the project described in the DEIR. As noted above, on February 17, 2012, the Project Sponsor requested refinements to the Project, which reduced the number of condominium units from 145 to 134, reduced residential parking spaces from 145 to 134, added 134 bicycle parking spaces, and reduced the café size to approximately 1800 sq. ft.

The Port Commission reviewed and considered the Final EIR. In certifying the Final EIR, the Port Commission determined that the Final EIR does not add significant new information to the Draft EIR that would require recirculation of the EIR under CEQA because the Final EIR contains no information revealing (1) any new significant environmental impact that would result from the Project or from a new mitigation measure proposed to be implemented, (2) any substantial increase in the severity of a previously identified environmental impact, (3) any feasible project alternative or mitigation measure considerably different from others previously analyzed that would clearly lessen the environmental impacts of the Project, but that was rejected by the Project's proponents, or (4) that the Draft EIR was so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded.

D. Environmental Analysis of the Project Variant

As discussed above, the Final EIR includes a description and analysis of the environmental impacts of the Project Variant, which is incorporated herein by reference. The Final EIR concludes that the impacts and mitigation measures would be substantially the same for the Project Variant as that are for the Draft EIR's proposed project. (C&R IV.38-44). More specifically, the Final EIR concludes that the environmental effects of the Project Variant relating to population and housing, utilities and service systems, public services, geology and soils, hazards and hazardous resources, mineral and energy resources, agricultural and forest resources, land use, aesthetics, historic architectural resources, noise, effects on pedestrian-level winds, sea level rise, hydrology, and biological resources would be substantially the same as those described under the DEIR's proposed project. (C&R IV.38) All mitigation measures described for these topics under the DEIR's proposed project would be applicable for the Project Variant. (C&R IV.38).

The analysis and conclusions presented in the "Tidelands Trust and State Lands Commission" subsection of the Plans and Policies subchapter would be the same for the Project Variant even though the configuration of the public trust exchange would be slightly different than under the Draft EIR's proposed project. (C&R IV.38). While the base isolation structural system of the Project Variant would require excavating foundation for the residential buildings 3 to 5 feet deeper than for the Draft EIR's proposed project, the Project Variant's impacts with respect to archeological resources would remain less than significant with the mitigation measures set forth in Mitigation Measure M-CP-1a: Archaeological Testing, Monitoring and Data Recovery and Reporting, Mitigation Measure M-CP-1b: Interpretation, and Mitigation Measure M-CP-6: Accidental Discovery. (C&R IV.38-39).

Compared to the proposed project, the Project Variant would generate approximately 2 fewer vehicular trips to and from the site during the peak hour, and about 127 fewer daily vehicle trips. This decrease would be considered to be within the daily variation of traffic and would not modify the intersection levels of service results or conclusions presented for the DEIR's proposed project in Section IV.D, Transportation and Circulation. With the base isolation structural system, excavation for foundations

would be slightly deeper, resulting in additional haul truck trips to remove more soil from the project site during construction. The additional 1,100 to 1,230 truck loads (2,200 to 2,460 one-way trips) would not be expected to increase the total number of truck trips per day generated during the excavation phase, but could extend the amount of time needed to complete excavation by an additional two to four weeks. There would be about 100 fewer piles in the foundation; therefore, pile driving would take less time, offsetting the additional time needed for excavation, and reducing the number of truck trips for delivery of construction materials to the project site. The impacts of construction traffic would remain as described for the proposed project in Impact TR-8 and as discussed under subheading "Project Construction/America's Cup Host and Venue Agreement," in C&R Chapter III, Section B, Project Description. Therefore, the analysis, conclusions, and mitigation measures presented in Section IV.D, Transportation and Circulation, would be substantially similar for the Project Variant. (C&R IV.40-41).

With respect to air quality impacts, while there would be an approximately 15 percent increase in the number of truck trips generated during construction for the additional excavation with the Project Variant, no new significant impact would occur. The construction health risk assessment analysis presented for the DEIR's proposed project would not change substantially with the additional construction-related haul truck trips for the Project Variant, because emissions from the haul trucks represent a small fraction of the total on-site diesel particulate emissions during construction. The health risk impacts during construction would be significant and unavoidable, as for the DEIR's proposed project. While the larger fitness center would generate more vehicle trips than the fitness center in the DEIR's proposed project, the increase would be more than offset by a reduction in vehicle trips generated by fewer residential units and less restaurant and retail space. Hence, significant impacts identified for the proposed project would not be reduced to less-than-significant levels with the variant, and conclusions in Section IV.E, Air Quality, remain applicable to the Project Variant. (C&R IV.41).

The Project Variant would not change the features of the DEIR's proposed project that support the Planning Department's determination of consistency with San Francisco's Strategies to Address Greenhouse Gas Emissions. Therefore, the analysis and conclusions presented in Section IV.F, Greenhouse Gases Emissions, for the DEIR's proposed project would be substantially similar for the Project Variant. (C&R IV.42).

The Project Variant would have the substantially the same shadow impacts as the DEIR's Proposed Project, although moving the swimming pools from the roof top of the health club to the ground would result in more shading of the swimming pools. During the spring, summer, and autumn, the ground-level swimming pools associated with the Project Variant would receive about 4 to 6 fewer hours of sunlight each day compared to the rooftop swimming pools associated with the DEIR's proposed project. However, the existing swimming pools are shadowed by existing buildings during the mid- to late afternoon throughout the year. During the winter, the ground-level swimming pools associated with the Project Variant would be similarly shadowed each day compared to DEIR's proposed project. (C&R IV.2, 42).

Although all of the tennis courts that currently exist on the project site would be eliminated under the Project Variant, impacts on recreation would remain less than significant. The recommended supply of tennis courts is 1 court for every 5,000 residents. The current ratio is 1 court for each 3,537 residents (810,000 residents / 215 tennis courts, 168 public and 61 private). With the DEIR's proposed project and its removal of five existing tennis courts at the Golden Gateway Tennis and Swim Club, the ratio would increase to 1 court for every 3,616 residents. With the Project Variant and its four fewer courts than the DEIR's proposed project, the ratio would increase to 1 court for every 3,682 residents. The number of residents per tennis court would remain lower than the recommended standard of 1 court for every 5,000

residents. The analysis and conclusions presented in Section IV.H, Recreation, would be similar for the Project Variant. (C&R IV.42-44).

On February 17, 2012, the Project Sponsor submitted a letter to the Planning Department that included refinements to the Project which reduced the number of condominium units from 145 to 134, reduced the number of residential parking spaces from 145 to 134, and added 134 bicycle spaces for residents. These modest reductions in residential units and vehicle parking spaces, and the increase in bicycle spaces do not change the conclusions of the environmental analysis of the Project Variant.

As stated above, the Project that is approved by the Port Commission is the same as the Project Variant, except that the Project Variant would provide 160 residential units whereas the Project would provide 134 residential units, 26 fewer units than under the Project Variant. Furthermore, the Project Variant would provide 420 parking spaces (160 residential and 260 public parking spaces), whereas the Project would provide 389 parking spaces (134 residential and 255 public parking spaces), 31 parking spaces fewer than under the Project Variant. The reduction of 26 residential units, compared to the Project Variant, would result in a corresponding slight reduction in transportation impacts, and would not appreciably change other impact analyses or conclusions in the EIR. The reduction of 31 parking spaces, compared to the Project Variant would not change traffic impacts identified for the Project Variant. The maximum parking demand for the project would be comparable to the 389 parking spaces to be provided on site, and thus would not change the parking impacts analysis and conclusions in the EIR.

E. Approval Actions

Local and state agencies will rely on the Final EIR for the approval actions listed below and in doing so will adopt CEQA findings, including a statement of overriding considerations and a mitigation monitoring and reporting program.

1. Planning Commission

- Certification of the Final EIR;
- Recommend approval of a General Plan amendment to allow an increase in height on a portion of the site to 92 feet and to 136 feet and to allow the bulk of the Project;
- Recommend approval of a Zoning Map amendment to allow an increase in height on a portion of the site to 92 feet and to 136 feet and to allow the bulk of the Project;
- Approval of a Planned Unit Development/Conditional Use Permit pursuant to Planning Code Sections 303 (Conditional Use), 304 (PUD), 253 (review of structures over 40 feet in any "R" District), 271(b) (Bulk Limit Exception), 151 and 204.5(c) (off-street parking for residential uses in excess of maximum accessory amounts), 151 (reduction in off-street parking requirements for non-residential uses), 209.7(d) (provision of a public parking garage for spaces to serve the Ferry Building and Waterfront area), 209.8(c) (commercial use above ground floor for the health club), 209.8(f) (non-residential use exceeding 6,000 gross square feet), 134 (rear yard requirement);
- A determination by the Planning Commission of consistency with the *General Plan* pursuant to Charter Section 4.105 and Administrative Code Section 2A.53;

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- Joint adoption by the Planning Commission and the Recreation and Park Commission of a resolution establishing a new absolute cumulative limit for allowable new shadow on Sue Bierman Park to accommodate the new shadow on that park that would result from the Project (no cumulative limit currently exists for Sue Bierman Park); and
- Shadow impact determination by the Planning Commission, after review and comment by the San Francisco Recreation and Park Department and Commission under Section 295 of the Planning Code.

2. Recreation and Park Commission

- Joint adoption by the Planning Commission and the Recreation and Park Commission of a resolution establishing a new absolute cumulative limit for allowable new shadow on Sue Bierman Park to accommodate the new shadow on that park that would result from the Project (no cumulative limit currently exists for Sue Bierman Park); and
- Review and comment under Section 295 of the Planning Code.

3. Port Commission

- Approval of a purchase and sale agreement to convey a portion of Seawall Lot 351 to the Project Applicant for residential development after implementation of the public trust exchange;
- Approval of a disposition and development agreement, ground lease, and related transactional documents governing development and operation of improvements by the Project Applicant on portions of Seawall Lot 351 retained by the Port;
- Approval of a Public Trust Exchange Agreement to effect removal of the public trust use limitations from the portion of Seawall Lot 351 proposed for residential use and imposition of public trust use limitations on the portions of the 8 Washington site proposed for open space and restaurant use; and
- Approvals to form a Mello-Roos Community Facilities District (CFD), maintenance CFD, and Infrastructure Financing District (IFD) to finance construction and maintenance of public facilities serving the site.

4. Department of Public Works

- Approval of a Tentative Subdivision Map;
- Approval by the San Francisco Department of Public Works of the proposed removal of street trees and "significant trees"; and

- Approval by the San Francisco Department of Public Works of proposed curb cuts along Drumm and Washington Streets, expanded sidewalks on Washington Street and Drumm Street, and lane reconfiguration on Washington Street to remove the landscaped median.

5. Board of Supervisors

- Approval of a General Plan amendment to allow an increase in height on a portion of the site to 92 feet and to 136 feet and to allow the bulk of the Project;
- Approval of a Zoning Map amendment to allow an increase in height on a portion of the site to 92 feet and to 136 feet and to allow the bulk of the Project;
- Approval of a purchase and sale agreement to convey a portion of Seawall Lot 351 to the Project Applicant for residential development after implementation of the public trust exchange;
- Approval of a ground lease governing development and operation of improvements by the Project Applicant on certain portions of Seawall Lot 351 retained by the Port;
- Approval of a Public Trust Exchange Agreement to effect removal of the public trust use limitations from the portion of Seawall Lot 351 proposed for residential use and imposition of public trust use limitations on the portions of the 8 Washington site proposed for open space and restaurant use; and
- Approvals to form a Mello-Roos Community Facilities District (CFD), maintenance CFD, and Infrastructure Financing District (IFD) to finance construction and maintenance of public facilities serving the site.

6. State Lands Commission

- Approval of a Public Trust Exchange Agreement to effect removal of the public trust use limitations from the portion of Seawall Lot 351 proposed for residential use and imposition of public trust use limitations on the portions of the 8 Washington site proposed for open space and restaurant use.

7. San Francisco Public Utilities Commission / Port

- Approval from the SFPUC for discharging into the combined sewer system as a result of dewatering the site.
- Approval of a Stormwater Control Plan by the Port in compliance with San Francisco Stormwater Design Guidelines.

8. San Francisco Department of Health

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- Approval of a site mitigation plan by the San Francisco Department of Health under San Francisco's Maher Ordinance (Article 22A of the San Francisco Health Code); and
- Approval of a dust control plan by the San Francisco Department of Health under Article 22B of the San Francisco Health Code.

E. Contents and Location of Record

The record upon which all findings and determinations related to the Project are based includes the following:

- The Notice of Preparation/Initial Study and all other public notices relating to the Project.
- The Final EIR and all documents referenced in or relied upon by the EIR. (The references in these findings to the EIR or FEIR include both the Draft EIR and the C&R documents.)
- All information including written evidence and testimony provided by City staff to the Planning Commission relating to the EIR, the Project, and the alternatives set forth in the EIR.
- All information provided by the public, including the proceedings of the public hearings on the adequacy of the Draft EIR and the transcripts of the July 21, 2011 public hearing and written correspondence received by Planning Department staff during the public comment period of the Draft EIR, and the public meeting on March 22, 2012, at which the Planning Commission certified completion of the Final EIR.
- All other documents comprising the record pursuant to Public Resources Code Section 21167.6(e).

The Agency has relied on all of the documents listed above in reaching its decision on the Project.

The public hearing transcript, a copy of all letters regarding the Draft EIR received during the public review period, the administrative record, and background documentation for the Final EIR, as well as additional materials concerning approval of the Project and adoption of these findings are contained in Planning Commission files, located at 1650 Mission Street, Suite 400, San Francisco, CA 94103. Linda Avery, Planning Commission Secretary, is the custodian of records for the Planning Commission. All files have been available to the Agency and the public for review in considering these findings and whether to approve the Project.

F. Requirement for Findings of Fact

CEQA requires public agencies to consider the potential effects of their discretionary activities on the environment and, when feasible, to adopt and implement mitigation measures that avoid or substantially lessen the effects of those activities on the environment. Specifically, Public Resources Code section 21002 provides that "public agencies should not approve projects as proposed if there are feasible

alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of such projects[.]” The same statute states that the procedures required by CEQA “are intended to assist public agencies in systematically identifying both the significant effects of proposed projects and the feasible alternatives or feasible mitigation measures which will avoid or substantially lessen such significant effects.” Section 21002 goes on to state that “in the event [that] specific economic, social, or other conditions make infeasible such project alternatives or such mitigation measures, individual projects may be approved in spite of one or more significant effects thereof.”

The mandate and principles announced in Public Resources Code Section 21002 are implemented, in part, through the requirement that agencies must adopt findings before approving projects for which EIRs are required. (See Pub. Resources Code, § 21081, subd. (a); CEQA Guidelines, § 15091, subd. (a).) For each significant environmental effect identified in an EIR for a proposed project, the approving agency must issue a written finding reaching one or more of three permissible conclusions. The three possible findings are:

- (1) Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment.
- (2) Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency.
- (3) Specific economic, legal, social, technological, other considerations, including considerations for the provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or alternatives identified in the environmental impact report.

(Public Resources Code Section 21081, subd (a); see also CEQA Guidelines Section 15091, subd. (a).)

Public Resources Code section 21061.1 defines “feasible” to mean “capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social and technological factors.” CEQA Guidelines section 15364 adds another factor: “legal” considerations. (See also *Citizens of Goleta Valley v. Board of Supervisors (Goleta II)* (1990) 52 Cal.3d 553, 565.)

The concept of “feasibility” also encompasses the question of whether a particular alternative or mitigation measure promotes the underlying goals and objectives of a project. (*City of Del Mar v. City of San Diego* (1982) 133 Cal.App.3d 410, 417 (*City of Del Mar*).) “[F]easibility” under CEQA encompasses ‘desirability’ to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, and technological factors.” (*Ibid.*; see also *Sequoyah Hills Homeowners Assn. v. City of Oakland* (1993) 23 Cal.App.4th 704, 715 (*Sequoyah Hills*); see also *California Native Plant Society v. City of Santa Cruz* (2009) 177 Cal.App.4th 957, 1001 [after weighing “economic, environmental, social, and

technological factors’ ... ‘an agency may conclude that a mitigation measure or alternative is impracticable or undesirable from a policy standpoint and reject it as infeasible on that ground’[.]’.)

With respect to a project for which significant impacts are not avoided or substantially lessened, a public agency, after adopting proper findings, may nevertheless approve the project if the agency first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the project’s “benefits” rendered “acceptable” its “unavoidable adverse environmental effects.” (CEQA Guidelines, §§ 15093, 15043, subd. (b); see also Pub. Resources Code, § 21081, subd. (b).) The California Supreme Court has stated, “[t]he wisdom of approving . . . any development project, a delicate task which requires a balancing of interests, is necessarily left to the sound discretion of the local officials and their constituents who are responsible for such decisions. The law as we interpret and apply it simply requires that those decisions be informed, and therefore balanced.” (*Goleta II*, *supra*, 52 Cal.3d at p. 576.)

Because the EIR identified significant effects that may occur as a result of the project, and in accordance with the provisions of the Guidelines presented above, Agency hereby adopts these findings as part of the approval of the Project. These findings reflect the independent judgment of the Agency and constitute its best efforts to set forth the evidentiary and policy bases for its decision to approve the Project in a manner consistent with the requirements of CEQA. These findings, in other words, are not merely informational, but rather constitute a binding set of obligations that come into effect with the Agency’s approval of the Project.

G. Findings About Significant Environmental Impacts and Mitigation Measures

The following Sections II, III and IV set forth the Agency’s findings about the Final EIR’s determinations regarding significant environmental impacts and the mitigation measures proposed to address them. These findings provide the written analysis and conclusions of the Agency regarding the environmental impacts of the Project and the mitigation measures included as part of the Final EIR and adopted by the Agency as part of the Project. To avoid duplication and redundancy, and because the Agency agrees with, and hereby adopts, the conclusions in the Final EIR, these findings will not repeat the analysis and conclusions in the Final EIR, but instead incorporate them by reference in these findings and rely upon them as substantial evidence supporting these findings.

In making these findings, the Agency has considered the opinions of staff and experts, other agencies and members of the public. The Agency finds that the determination of significance thresholds is a judgment decision within the discretion of the City and County of San Francisco; the significance thresholds used in the Final EIR are supported by substantial evidence in the record, including the expert opinion of the Final EIR preparers and City staff; and the significance thresholds used in the Final EIR provide reasonable and appropriate means of assessing the significance of the adverse environmental effects of the Project.

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These findings do not attempt to describe the full analysis of each environmental impact contained in the Final EIR. Instead, a full explanation of these environmental findings and conclusions can be found in the Final EIR and these findings hereby incorporate by reference the discussion and analysis in the Final EIR supporting the Final EIR's determination regarding the Project's impacts and mitigation measures designed to address those impacts. In making these findings, the Agency ratifies, adopts and incorporates in these findings the determinations and conclusions of the Final EIR relating to environmental impacts and mitigation measures, except to the extent any such determinations and conclusions are specifically and expressly modified by these findings.

The Agency adopts and incorporates the mitigation measures set forth in the Final EIR and the attached MMRP as described below to substantially lessen or avoid the potentially significant and significant impacts of the Project. In adopting these mitigation measures, the Agency intends to adopt each of the mitigation measures proposed in the Final EIR for the Project unless otherwise identified as infeasible or outside of the jurisdiction of the Agency. The Agency recognizes that some of these mitigation measures may be partially or wholly within the jurisdiction of other agencies, including but not limited to the San Francisco Municipal Transportation Agency ("SFMTA"), the Department of Building Inspection ("DBI"), the Department of Public Works ("DPW"), and the Department of Public Health ("DPH"). The Agency finds that the following mitigation measures are partially or wholly within the jurisdiction of these other agencies, that these agencies can implement the following mitigation measures, and the Agency urges these agencies to implement the following mitigation measures:

MITIGATION MEASURE	AGENCY
Mitigation Measure M-CP-1a (Archeological Testing, Monitoring and Data Recovery and Reporting)	California State Native American Heritage Commission
Mitigation Measure M-TR-9 (Travel Demand Management)	SFMTA
Mitigation Measure Noise-1 (Construction Noise)	DPW
Mitigation Measure Noise-2 (Title 24 Compliance)	DBI
Mitigation Measure AQ-7 (Building Design and Ventilation Requirements)	DBI
Mitigation Measure M-SLR-3 (Emergency Plan)	DBI
Mitigation Measure M-BI-4 (Conformity with the Planning Department's Standards for Bird Safe Buildings)	DBI
Mitigation Measure Hazards-1 (Flammable Vapors During Construction)	DBI
Mitigation Measure Hazards-2 (Vapor Intrusion During Operation)	DBI / DPH

In order to implement the mitigation measures set forth in the Final EIR and the attached MMRP, the Agency is adopting all of the mitigation measures as conditions of approval of the Project. With respect

to the mitigation measures that are partially or wholly under the jurisdiction of other agencies, the Agency finds that such mitigation measures fall within the normal permitting and enforcement authority of those agencies and, therefore, it is reasonable to conclude that those agencies will assist in the implementation and enforcement of the mitigation measures.

In the event a mitigation measure recommended in the Final EIR has inadvertently been omitted in these findings or the MMRP, such mitigation measure is hereby adopted and incorporated in the findings below by reference. In addition, in the event the language describing a mitigation measure set forth in these findings or the MMRP fails to accurately reflect the mitigation measures in the Final EIR due to a clerical error, the language of the policies and implementation measures as set forth in the Final EIR shall control. The impact numbers and mitigation measure numbers used in these findings reflect the impact and mitigation measure numbers used in the Final EIR.

In Sections II, III and IV below, the same findings are made for a category of environmental impacts and mitigation measures. Rather than repeat the identical finding, the initial finding obviates the need for such repetition because in no instance is the Agency rejecting the conclusions of the FEIR or the mitigation measures recommended in the FEIR for the Project.

I. IMPACTS FOUND TO BE LESS THAN SIGNIFICANT AND THUS REQUIRING NO MITIGATION

Under CEQA, no mitigation measures are required for impacts that are less than significant. (Pub. Resources Code, Section 21002; CEQA Guidelines, Section 15126.4, subd. (a)(3), 15091.) Based on substantial evidence in the whole record of this proceeding, the Agency finds that implementation of the Project will not result in any significant impacts in the following areas and that these impact areas, therefore, do not require mitigation:

A. Land Use

- **Impact LU-1**, The proposed project would not physically divide an established community. (DEIR IV.A.8-9)
- **Impact LU-2**, The proposed project would not have a substantial adverse impact on the existing character of the vicinity. (DEIR IV.A.9-11) (C&R IV.20)
- **Impact LU-3**, The proposed project would not result in a significant cumulative impact related to Land Use. (DEIR IV.A.11)

B. Aesthetics

- **Impact AE-1**, The proposed project would not substantially affect scenic vistas and scenic resources visible from publicly accessible areas in the project vicinity. (DEIR IV.B.16-18) (C&R IV.21-22)

- **Impact AE-2**, The proposed project would not cause a substantial adverse change in the existing visual character of the project site and its surroundings. (DEIR IV.B.18-21) (C&R IV.21)
- **Impact AE-3**, The proposed project would not result in a significant cumulative impact related to Aesthetics. (DEIR IV.B.22)

D. Transportation

- **Impact TR-1**, The proposed project would not result in significant transportation impacts in the proposed project vicinity due to vehicle traffic. (DEIR IV.D.22-23)
- **Impact TR-2**, The proposed project would not result in significant impacts to transit systems in the proposed project vicinity. (DEIR IV.D.23-24)
- **Impact TR-3**, The proposed project would not result in significant impacts to pedestrians in the proposed project vicinity. (DEIR IV.D.24-26)
- **Impact TR-4**, The proposed project would not result in significant transportation impacts to bicycles in the proposed project vicinity. (DEIR IV.D.26-27)
- **Impact TR-5**, The proposed project would not result in a significant impact related to an increase in the number of vehicles parking in the project vicinity. (DEIR IV.D.28-29) (C&R IV.24-25)
- **Impact TR-6**, The proposed project would not result in a significant unmet need for loading spaces. (DEIR IV.D.29-30)
- **Impact TR-7**, The proposed project would not impair emergency vehicle access near the project site. (DEIR IV.D.30)
- **Impact TR-8**, Construction of the proposed project would not cause a significant increase in traffic near the project site. (DEIR IV.D.30-32) (C&R IV.25)
- **Impact TR-10**, The proposed project would not make a considerable contribution to a significant cumulative impact on transit systems in the proposed project vicinity. (DEIR IV.D.35-37)

E. Air Quality

- **Impact AQ-1**, Construction of the proposed project would not violate an air quality standard or contribute to an existing or projected air quality violation, either individually or cumulatively. (DEIR IV.E.17-18) (C&R IV.25)
- **Impact AQ-2**, The proposed project would not result in significant impacts related to fugitive dust resulting from project construction activities. (DEIR IV.E.18-20)

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- **Impact AQ-4**, Operation of the proposed project would not violate an air quality standard or make a cumulatively considerable contribution to an existing or projected air quality violation. (DEIR IV.E.24-25)
- **Impact AQ-5**, The proposed project would not result in substantial levels of CO and would not make a cumulatively considerable contribution to existing levels of CO. (DEIR IV.E.25-26)
- **Impact AQ-11**, The proposed project would not conflict with or obstruct implementation of the 2010 Clean Air Plan. (DEIR IV.E.36-37)

F. Greenhouse Gases

- **Impact GHG-1**, The proposed project would generate greenhouse gas emissions, but not in levels that would result in a significant impact on the environment or conflict with any policy, plan, or regulation adopted for the purpose of reducing greenhouse gas emissions. (DEIR IV.F.15-16)

G. Shadow

- **Impact SH-1**, The proposed project would not adversely affect the use of any park or open space under the jurisdiction of the Recreation and Park Commission. (DEIR IV.G.33-34)
- **Impact SH-2**, The proposed project would not create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas. (DEIR IV.G.34-45) (C&R IV.27-29)
- **Impact SH-3**, The proposed project would not result in a significant cumulative impact related to Shadow. (DEIR IV.G.45)

H. Recreation

- **Impact RE-1**, The construction of recreational facilities as part of the proposed project would not result in adverse physical effects on the environment. (DEIR IV.H.9-10) (C&R IV.32-33, 57)
- **Impact RE-2**, The proposed project would not increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facilities would occur or be accelerated, or create a need for new or physically altered park or recreational facilities beyond those included as part of the proposed project. (DEIR IV.H.10-12) (C&R IV.33, 57)
- **Impact RE-3**, The proposed project would not have a significant adverse effect on recreational opportunities. (DEIR IV.H.12-15) (C&R IV.34-35)

- **Impact RE-4,** The proposed project would not result in a significant cumulative impact related to Recreation. (DEIR IV.H.15)

I. Sea Level Rise

- **Impact SLR-1,** The proposed project would not expose people or structures to a significant risk of loss, injury, or death involving flooding, including flooding as a result of the failure of a levee or dam. (DEIR IV.I.13-14)
- **Impact SLR-2,** The proposed project would not expose people or structures to a significant risk of inundation by seiche, tsunami, or mudflow. (DEIR IV.I.14)
- **Impact SLR-4,** The proposed project would not result in a significant cumulative impact related to Sea Level Rise. (DEIR IV.I.16)

J. Biological Resources

- **Impact BI-1,** The project would not have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service. (DEIR IV.J.7)
- **Impact BI-3,** The proposed project would not conflict with local policies or ordinances protecting biological resources. (DEIR IV.J.9-10) (C&R IV.36)
- **Impact BI-5,** The proposed project would not result in substantial adverse cumulative effects related to Biological Resources. (DEIR IV.J.11-12)

K. Other Impacts Found Less Than Significant in the Initial Study and Not Requiring Mitigation

The following potential individual and cumulative environmental effects of the initial project proposal were determined to be less than significant in the NOP/Initial Study. Although the NOP/Initial Study was prepared for the initial project proposal, the Agency finds that the conclusions of NOP/Initial Study continue to be applicable to the Project with respect to each of the topics that are determined to be less than significant. The Project would occupy the same site as the initial project proposal and, like the initial project proposal, would call for disturbance of the entire project site. The Project would include a substantially similar mix and quantity of uses as the initial project proposal but would include fewer residential units (134 residential units compared to 170 under the initial project proposal). (DEIR Intro.3-4). Based on substantial evidence in the whole record of this proceeding, the Agency finds that implementation of the Project will not result in any significant impacts in the following areas and that these impact areas, therefore, do not require mitigation:

- **Land Use** (all topics, but discussed in the EIR for information purposes) (Initial Study 42-44)
- **Aesthetics** (light and glare) (Initial Study 45)

- **Population and Housing** (all topics) (Initial Study 47-50)
- **Cultural and Paleontological Resources** (historical architectural resources, unique paleontological or geologic resources) (Initial Study 50-51)
- **Transportation and Circulation** (air traffic patterns, emergency access) (Initial Study 52-53)
- **Noise** (Initial Study 53-57)
- **Air Quality** (odors) (Initial Study 58-63)
- **Wind** (NOP/Initial Study 63-64)
- **Utilities and Service Systems** (all topics) (Initial Study 69-73)
- **Public Services** (all topics) (Initial Study 73);
- **Biological Resources** (Initial Study 77-80)
- **Geology and Soils** (all topics) (Initial Study 80-86);
- **Hydrology and Water Quality** (all topics) (Initial Study 87-95);
- **Hazards/Hazardous Materials** (all topics except for release of hazardous materials discussed in Section III below) (Initial Study 95-108);
- **Minerals/Energy Resources** (all topics) (Initial Study 108-111); and
- **Agricultural Resources** (all topics) (Initial Study 112).

The NOP/Initial Study was prepared for the initial project proposal, the conclusions of also identified certain environmental effects that would be reduced to less than significant through recommended mitigation measures included in the NOP/Initial Study. Those environmental effects and mitigation measures are discussed in Section III.

L. Growth Inducing Impacts

The Project would intensify the use and density of the project site, providing new residential and expanded employment opportunities. The NOP/Initial Study (Appendix A to the Draft EIR, pp. 47-50) estimated that the population increase on the project site would be about 388 new persons (assuming 170 residential units constructed), and concluded that this would not be a substantial increase in population in the context of the projected population increase Citywide. The NOP/Initial Study also estimated that the proposed project could add approximately 70 employees to the City's economy, generating a demand for about 28 new dwelling units in San Francisco. These increases would not be substantial in the context of employment in the City as a whole. The Project is a mixed-use, residential infill project within a densely developed residential area at the edge of the downtown. The area is already served by municipal infrastructure and public services that have sufficient capacity to accommodate the project. The Project

would not require or involve the expansion of infrastructure capacity that could accommodate additional growth. It would not stimulate new housing demand in the surrounding area that would not have existed without the project. For these reasons, the Project would not result in a significant growth-inducing impact. (DEIR V.1)

III. FINDINGS OF SIGNIFICANT OR POTENTIALLY SIGNIFICANT IMPACTS THAT CAN BE AVOIDED OR REDUCED TO A LESS-THAN-SIGNIFICANT LEVEL

CEQA requires agencies to adopt mitigation measures that would avoid or substantially lessen a project's identified significant impacts or potential significant impacts if such measures are feasible (unless mitigation to such levels is achieved through adoption of a project alternative). The findings in this Section III and in Section IV concern mitigation measures set forth in the Final EIR. These findings discuss mitigation measures as proposed in the Final EIR and as recommended for adoption by the Agency. The full explanation of the potentially significant environmental impacts is set forth in Section IV of the Draft EIR, the Notice of Preparation/Initial Study attached as Appendix A to the Draft EIR, and in some cases is further explained in the C&R. In many cases, mitigation measures will be implemented by the Project Applicant. In these cases, implementation of mitigation measures by the Project Applicant or other developer or facility operator have been or will, in future agreements, be made conditions of Project approval. In the case of other mitigation measures, an agency of the City will have responsibility for implementation of mitigation measures.

The mitigation measures proposed for adoption in Sections III and IV are the same as the mitigation measures identified in the Final EIR. The full text of all of the mitigation measures as proposed for adoption is contained in Exhibit A, the Mitigation Monitoring and Reporting Program. As explained previously, Exhibit A contains the Mitigation Monitoring and Reporting Program required by CEQA Section 21081.6 and CEQA Guidelines Section 15091. It provides a table setting forth each mitigation measure listed in the FEIR that is required to reduce or avoid a significant adverse impact. Exhibit A also specifies the entity responsible for implementation of each measure, and establishes monitoring actions and a monitoring schedule.

Based on the analysis contained in the Final EIR and the standards of significance, the Agency finds that that implementation of the proposed mitigation measures discussed in this Section will reduce each of the potentially significant impacts described below to a less-than-significant level.

A. Archeological Resources

- **Impact CP-1: Project construction activities could disturb the remains of the scuttled ship *Bethel* (and possibly other scuttled Gold Rush era ships).** (DEIR IV.C.15) Disturbance or removal of the scuttled ship *Bethel* could materially impair the physical characteristics of the resource that convey its association with 19th century trade, waterfront development during

the Gold Rush, and the notorious waterfront speculator Frederick Lawson. It could also impair the ability of the resource to embody, and yield important information about, distinctive characteristics of 19th century ship design and construction. These effects would be considered a substantial adverse change in the significance of an historical resource and would therefore be a potentially significant impact under CEQA.

M-CP-1a: Archaeological Testing, Monitoring and Data Recovery and Reporting. M-CP-1a requires a qualified archaeological consultant selected from the pool of qualified archaeological consultants maintained by the Planning Department to prepare, submit for the ERO's approval, and implement a plan for archeological testing. In addition, the qualified archeological consultant will undertake construction monitoring and/or a data recovery program if required. The qualified archeological consultant's work will be conducted in accordance with the M-CP-1a mitigation measure and the standards and requirements set forth in the *Archaeological Research Design/Treatment Plan for the 8 Washington Street Project*, January 2003; and *Addendum Archaeological Research Design and Treatment Plan for the 8 Washington Street Project*, February 2011, thereby ensuring the significance of CRHR-eligible archaeological resources would be preserved and/or realized in place. (DEIR IV.C.15)

M-CP-1b: Interpretation. M-CP-1b requires a qualified archaeological consultant having expertise in California urban historical and marine archaeology to develop and implement a feasible, resource-specific program for post-recovery interpretation of resources and artifacts encountered within the Project site. The particular program for interpretation of artifacts that are encountered within the Project site will depend upon the results of the data recovery program. All plans and recommendations for interpretation must be approved by the ERO. Implementation of M-CP-1a and M-CP-1b would reduce Impact CP-1 to a less than significant level. (DEIR IV.C.15-20)

- **Impact CP-2: Project construction activities would have the potential to disturb the remains of wharf structures.** (DEIR IV.C.20) Construction activities within or near the current alignments of Jackson and Pacific Streets may disturb remains of the Jackson and Pacific wharves. Removal or damage of these features could impair the physical characteristics of the resource that convey their association with the Gold Rush and would impair the potential of these features to yield important historic information. These effects would be considered a substantial adverse change in the significance of an historical resource and would therefore be a potentially significant impact under CEQA. With implementation of Mitigation Measures M-CP-1a and M-CP-1b, the Project would not cause a substantial adverse change to the significance of this archaeological resource type, if present within the Project site. (DEIR IV.C.20)

M-CP-1a: *Archaeological Testing, Monitoring and Data Recovery and Reporting.* (Discussed above under Impact CP-1) (DEIR IV.C.15-19)

M-CP-1b: *Interpretation.* (Discussed above under Impact CP-1) (DEIR IV.C.19-20)

- **Impact CP-3: Project construction activities would have the potential to disturb the remains of wharf-side discards.** (DEIR IV.C.20) Construction activities within or near the current alignments of Jackson and Pacific Streets may disturb remains of Gold Rush era wharf-side discards along the Jackson and Pacific wharves. If still present, these features may be considered significant under CRHR Criterion 4 (Information Potential). This effect would be considered a substantial adverse change in the significance of an archaeological resource and would therefore be a potentially significant impact under CEQA. With implementation of Mitigation Measures M-CP-1a and M-CP-1b, the Project would not cause a substantial adverse change to the significance of this archaeological resource type, if present within the Project site. (DEIR IV.C.21)

M-CP-1a: *Archaeological Testing, Monitoring and Data Recovery and Reporting.* (Discussed above under Impact CP-1) (DEIR IV.C.15-19)

M-CP-1b: *Interpretation.* (Discussed above under Impact CP-1) (DEIR IV.C.19-20)

- **Impact CP-4: Project construction activities would disturb the remains of the Old Seawall.** (DEIR IV.C.21) Construction activities within or near Seawall Lot 351 would require complete removal of an approximately 440-foot-long segment of the Old Seawall running through the Project site. The Old Seawall is significant under Criterion 1 (Events), and may also be considered potentially significant under Criterion 4 (Information Potential) if its actual construction deviates from the BSHC's detailed specifications. If the actual construction of the segment of seawall underlying Seawall 351 deviates from the detailed BSHC's specifications, removal of this segment would materially impair the ability of this segment to yield information about the actual construction of the Old Seawall that is not available in the historic record. This effect would be considered a substantial adverse change in the significance of an historical resource and would therefore be a potentially significant impact under CEQA. With implementation of Mitigation Measures M-CP-1a and M-CP-1b, the Project would not cause a substantial adverse change to the significance of this archaeological resource type, if present within the Project site. (DEIR IV.C.21)

M-CP-1a: *Archaeological Testing, Monitoring and Data Recovery and Reporting.* (Discussed above under Impact CP-1) (DEIR IV.C.15-19)

M-CP-1b: *Interpretation.* (Discussed above under Impact CP-1) (DEIR IV.C.19-20)

- **Impact CP-5: Project construction activities would have the potential to disturb the remains of 19th century commercial and residential deposits.** (DEIR IV.C.21-22) Construction activities may disturb and remove artifacts associated with the Chinese laundry, saloons, and boarding houses that are known to have existed on the Project site. If still present, these features may be considered significant under CRHR Criterion 4 (Information Potential). Disturbance of these features would materially impair the potential of these features to yield historic information about the Chinese population in San Francisco, the lives of sailors and waterfront workers, and waterfront businesses and activities. This effect would be considered a substantial adverse change in the significance of an historical resource and would therefore be a potentially significant impact under CEQA. With implementation of Mitigation Measures M-CP-1a and M-CP-1b, the Project would not cause a substantial adverse change to the significance of this archaeological resource type, if present within the Project site.

M-CP-1a: Archaeological Testing, Monitoring and Data Recovery and Reporting. (Discussed above under Impact CP-1) (DEIR IV.C.15-19)

M-CP-1b: Interpretation. (Discussed above under Impact CP-1) (DEIR IV.C.19-20)

- **Impact CP-6: Project construction activities would have the potential to disturb unknown remains.** (DEIR IV.C.22) Construction activities may disturb unknown remains within the Project site area. Disturbance or removal of unknown remains could materially impair the physical characteristics of the unknown resource, which would be considered a substantial adverse change in the significance of an historical resource and would therefore be a potentially significant impact under CEQA.

M-CP-6 requires that the Project Applicant to distribute the Planning Department's archaeological resource "ALERT" sheet to inform all field and construction personnel of the potential presence of archaeological resources within the Project site and the procedures in the event such resources are encountered during construction activities. This measure calls for immediate suspension of soils disturbing activity in the vicinity of the discovery and notification of the ERO in the event that indications of archeological resources are discovered during soil disturbing activities. The ERO may require that an archeological consultant be retained to evaluate the resource and make recommendations and to prepare and submit a Final Archeological Resources Report for the ERO's approval. The ERO may require specific additional measures to be implemented by the Project Applicant. Implementation of Mitigation Measure M-CP-6 would ensure that the significance of archeological resources, if present within the Project site, would be preserved in the event such resources are

accidentally encountered during demolition and groundwork activities. (DEIR IV.C.23-24) (C&R IV.56)

- **Impact CP-7: Project construction activities would have the potential to contribute to cumulative impacts related to Archaeological Resources.** (DEIR IV.C.24) When considered with past, present, and foreseeable future development projects along and near the San Francisco waterfront, the disturbance of archaeological resources within the project site could contribute to a cumulative loss in the of ability of the San Francisco's waterfront to convey its association with historic events and persons, to embody distinctive characteristics of design and construction, and to yield significant historic and scientific information about development of the early San Francisco waterfront, maritime history, and underrepresented populations in the historical record. With implementation of Mitigation Measures M-CP-1a and M-CP-1b, the Project would not cause a substantial adverse change to the significance of this archaeological resource type, if present within the Project site. (DEIR IV.C.24)

M-CP-1a: Archaeological Testing, Monitoring and Data Recovery and Reporting. (Discussed above under Impact CP-1) (DEIR IV.C.15-19)

M-CP-1b: Interpretation. (Discussed above under Impact CP-1) (DEIR IV.C.19-20)

B. Air Quality

- **Impact AQ-6: Operation of the proposed project would expose sensitive receptors to substantial levels of PM_{2.5} and other TACs.** If the Project's emergency generator operates for more than 35 hours per year or the project sponsor installs a generator that does not meet an emissions standard equivalent to a Tier 2 engine equipped with a Level 3 verified diesel emission control device, emissions from project operations could result in potentially significant health risk impacts to nearby sensitive receptors. (DEIR IV.E.26-28)

M-AQ-6 requires that the Project's emergency generator meet the emissions standards equivalent to a Tier 2 engine equipped with a Level 3 verified emissions control device and be tested no more than 35 hours per year, and requires the Project Applicant to maintain and make available to the ERO upon request records of annual fuel use and operating hours. With implementation of M-AQ-6 the Project's mobile and stationary source emissions would have a less than significant health risk impact to nearby sensitive receptors. (DEIR IV.E.28-29)

- **Impact AQ-9: Project operations would result in considerable contribution to already cumulatively significant levels of PM_{2.5} and other TACs on off-site sensitive receptors.** (DEIR IV.E.35-36) Where potential health risks exceed the cumulative thresholds regardless

of the risk contribution of a proposed project, the BAAQMD considers projects that result in an increase in health risks above the project-level thresholds to also result in a considerable contribution to cumulative health risk impacts. The Project's vehicle emissions and stationary source emissions could contribute additional health risks that exceed BAAQMD's project-level thresholds of significance. Through implementation of M-AQ-6 and the project's trip reduction measures, the combined sum of the project's stationary source and mobile source health risk emissions would be mitigated to below the project level thresholds, therefore the Project's contribution to cumulative health risk impacts would be less than cumulatively considerable.

M-AQ-6 (Discussed above under **Impact AQ-6**) (DEIR IV.E.28-29)

C. Biological Resources

- **Impact BI-2: The project would remove migratory bird habitat and impede the use of nesting (nursery) sites.** (DEIR IV.J.7-8) The trees on the Project site could provide nesting habitat for resident urban-adapted and migratory songbirds. During construction, the existing on-site trees and shrubbery would be removed. Vegetation removal during the breeding season (approximately March through August) could remove trees that support active nests. As a result, there would be a short-term loss of nesting habitat.

M-BI-2 requires that vegetation removal activities for the proposed project be conducted during the non-breeding season (i.e., September through February) to avoid impact to nesting birds or that preconstruction surveys be conducted by qualified ornithologist for work scheduled during the breeding season (March through August). If active songbird or raptor nests are found in the work area, buffers shall be established until the young have fledged. With implementation of M-BI-2, this impact would be less than significant. (DEIR IV.J.8)

Impact BI-4: The new buildings would adversely impact bird movement and migration. (DEIR IV.J.10-11) The *Standards for Bird-Safe Buildings* provide guidelines for evaluating the hazards posed to birds by glazing and proximity to landscaping. The Standards identify building designs and glazing treatments that may pose hazards, and identify treatments that will provide safe buildings for birds. **M-BI-4** requires the Project to conform to applicable requirements of the *Standards for Bird-Safe Buildings*, Public Review Draft, October 2010. In the event that Standards for Bird Safe Buildings are adopted and effective at the time a building permit for the project is sought, the Project is required to comply with the adopted Standards in addition to any provisions contained in the Public Review Draft, October 2010 that in the ERO's judgment would provide greater protection for birds. Final *Standards for Bird-Safe Buildings* were adopted by the City, effective October 7, 2011, and the project is

required to comply with those standards. Implementation of M-BI-4 would ensure that the Project would not result in a significant impact related to bird strikes. (DEIR IV.J.11)

D. Noise

- **The proposed project would expose persons to pile driving noise during foundation construction.** (DEIR I.18; Initial Study 54-55, 114)

Mitigation Measure Noise-1 requires pre-drilling site holes to the maximum depth feasible, scheduling pile-driving activity for times of the day that would disturb the fewest people, using state-of-the-art noise shielding and muffling devices, and providing at least 48 hours prior notification of pile-driving activities to owners and occupants within 200 feet of the Project site. Based on implementation of Mitigation Measure Noise-1, and given the short-term, temporary period of pile driving activity, pile driving noise would not be considered a significant environmental impact. (DEIR I.18; Initial Study, 114)

- **Residents of the proposed project would be exposed to traffic noise along adjacent roadways.** (DEIR I.18; Initial Study 57)

Mitigation Measure Noise-2 requires a detailed analysis of noise reduction requirements for the proposed buildings. Noise insulation features identified and recommended by the analysis must be included in the building design to reduce potential interior noise levels to the maximum extent feasible. Implementation of Mitigation Measure Noise-2 would reduce the impact of exterior noise levels on the proposed residences would not be a significant impact. (DEIR I.18; Initial Study, 57, 114)

E. Hazards and Hazardous Materials

- **If hazardous materials are present in the soil, groundwater, or within existing buildings on the project site, project site clearance, demolition, grading, and excavation activities could result in a release of hazardous materials.** (DEIR I.18; Initial Study 102-105). Based on the historic presence of hydrocarbons in the soil and groundwater and the potential for methane in filled areas, flammable vapors could be present that could pose a fire or explosion risk to workers and the public during construction, and/or cause nuisance vapors, adverse health effects, or flammable or explosive conditions during Project operations.
- **Mitigation Measure Hazards-1** requires a soil vapor survey to evaluate the presence of potentially flammable vapors prior to final design of the proposed building. Should the survey identify the potential presence of flammable vapors at levels greater than the lower flammability limit or lower explosive limit, then the Project Applicant shall require the

construction contractor to include measures to control flammable gases during construction (such as ventilation) in the construction site safety plan and to implement these measures. With this measure, potential impacts related to exposure to flammable or explosive vapors during construction would be reduced to less than significant. (DEIR I.18; Initial Study 102, 115)

- **Mitigation Measure Hazards-2** requires a screening evaluation, site-specific evaluation, and implementation of remediation or engineering measures to control vapor intrusion in accordance with guidance developed by the California Department of Toxic Substances Control as well as monitoring, if needed on the basis of the soil vapor survey conducted in accordance with Mitigation Measure Hazards-1. With this measure, potential impacts related to exposure to flammable vapors during Project operation would be reduced to less than significant. (DEIR I.18; Initial Study, 103-04, 115-16)

F. Mitigation Measures from Initial Study That Have Been Superseded or Replaced

The NOP/Initial Study identified the following two mitigation measures to reduce the initial proposed project's potential environmental impacts to less than significant. The Agency finds that based on substantial evidence in the record these two mitigation measures have been superseded and replaced by the analysis and mitigation measures of the Draft EIR as well as new law as set forth below.

- **Mitigation Measure Bio-1 (Protection of Birds During Tree Removal):** The NOP/Initial Study identified this mitigation measure to implement protective measures to assure implementation of the Migratory Bird Treaty Act and compliance with state regulations during tree removal. (Initial Study 77-78, 115). The topic of Biological Resources is restudied in the Draft EIR due to the publication of the draft Standards for Bird-Safe Buildings in October 2010 after publication of the NOP/Initial Study. (DEIR Intro.5). The Agency finds that the NOP/Initial Study analysis of Biological Resources is superseded by that of the FEIR, and that Mitigation Measure Bio-1 is replaced with Mitigation Measure BI-2, which similarly requires preconstruction survey and the creation of buffer zones if active nests are found (DEIR Intro.5; I.19, IV.J.8)
- **Mitigation Measure AQ-1 (Construction Air Quality):** The NOP/Initial Study identified this mitigation measure to reduce the quantity of dust generated during site preparation and construction, and to reduce construction exhaust emission of PM10. (Initial Study pp. 59, 114). Since publication of the NOP/Initial Study, the Bay Area Air Quality Management District (BAAQMD) adopted new BAAQMD CEQA Guidelines in June 2010, and the construction related air quality impacts of the Project were restudied in the Draft EIR

(IV.E.13). The FEIR identified a new mitigation measure, Mitigation M-AQ-3 (Construction Equipment), to reduce the air quality impacts of construction equipment as recommended by the updated BAAQMD CEQA Guidelines. (IV.E.23-24). The FEIR also identified Mitigation Measures M-AQ-6 and M-AQ-7 to reduce the operation air quality impacts on sensitive receptors (IV.E.28-29, 33). In addition, the San Francisco Board of Supervisors approved a series of amendments to the San Francisco Building and Health Codes called the Construction Dust Control Ordinance (Ordinance 176-08, effective July 30, 2008) to reduce the quantity of dust generated during site preparation, demolition, and construction work. The Ordinance requires that all site preparation work, demolition, or other construction activities within San Francisco which have the potential to create dust or to expose or disturb more than 10 cubic yards or 500 square feet of soil comply with specified dust control measures whether or not the activity requires a permit from DBI. For project sites greater than one half-acre in size, such as the project site, the Ordinance requires that the project sponsor submit a Dust Control Plan for approval by the San Francisco Health Department. (DEIR E.14, 19-20). The Agency finds that analysis of air quality impacts in the Final EIR has superseded the analysis in the NOP/Initial Study, and that the Project's compliance with the Construction Dust Control Ordinance and with the new air quality mitigation measures identified in the FEIR has replaced and superseded Mitigation Measure AQ-1 of the NOP/Initial Study.

SIGNIFICANT IMPACTS THAT CANNOT BE AVOIDED OR REDUCED TO A LESS THAN SIGNIFICANT LEVEL

The DEIR identified a number of significant environmental effects (or impacts) to which the Project would cause or contribute. Some of these significant effects can be avoided or reduced to a less-than-significant level through the adoption of feasible mitigation measures; these effects are described in Section III above. Other effects are significant and unavoidable. Some of these unavoidable significant effects can be substantially lessened by the adoption of feasible mitigation measures, but still remain significant and unavoidable with mitigation. Other significant and unavoidable effects cannot be substantially lessened or avoided by the adoption of feasible mitigation measures. For reasons set forth in the Statement of Overriding Considerations in Section VIII below, however, the Agency has determined that overriding economic, social, and other considerations outweigh the significant and unavoidable effects of the Project.

Based on substantial evidence in the whole record of these proceedings, the Agency finds that, where feasible, changes or alterations have been required, or incorporated into, the Project to reduce the significant environmental impacts identified in the Final EIR. The Agency finds that the mitigation

measures in the Final EIR and described below are appropriate, and that changes have been required in, or incorporated into, the Project that may substantially lessen, but do not avoid (i.e., reduce to less than significant levels), some of the potentially significant or significant environmental effects associated with implementation of the Project as described in FEIR Chapter IV. The Agency adopts all of these mitigation measures as proposed in the FEIR that are relevant to the Project and are within the Agency's jurisdiction as set forth in the MMRP, more particularly described in Exhibit A.

Based on the analysis contained within the Final EIR and the standards of significance, the Agency finds that because some aspects of the Project would cause potentially significant impacts for which feasible mitigation measures are not available to reduce the impact to a less-than-significant level, these impacts are *significant and unavoidable*. The Agency recognizes that although mitigation measures are identified in the Final EIR that would reduce many potentially significant impacts to less-than-significant levels, for some potentially significant and unavoidable impacts, the measures would not fully mitigate impacts to a less than significant level, or are uncertain, infeasible, or within the jurisdiction of another agency, and therefore those impacts remain significant and unavoidable or potentially significant and unavoidable.

The Agency determines that the following significant impacts on the environment, as reflected in the Final EIR, are unavoidable, but under Public Resources Code Section 21081(a)(3) and (b), and CEQA Guidelines Sections 15091(a)(3), 15092(b)(2)(B), and 15093, the Agency determines that the impacts are acceptable due to the overriding considerations described in Section VIII below. This finding is supported by substantial evidence in the record of this proceeding.

A. Transportation

- **Impact TR-9: The proposed project would make a considerable contribution to cumulative traffic impacts at study intersections.** (DEIR IV.D.34-35) Under 2035 cumulative conditions, the operation of The Embarcadero / Washington Street intersection would degrade to LOS F. The Project's contribution to the 2035 cumulative impacts would be considerable, and thus would be considered significant. Implementation of Mitigation Measure M-TR-9 would reduce the Project's contribution to cumulative impacts but because it is uncertain how much reduction in Project traffic would result from the mitigation measure, the impact would remain *significant and unavoidable*. The Embarcadero / Washington Street intersection would operate at an acceptable level of service in 2035 if the recommendations of the Northeast Embarcadero Study regarding Washington Street were not implemented and number of lanes were maintained at the status quo with minor adjustments to the traffic signal timings.

- **Mitigation Measure M-TR-9: *Travel Demand Management Plan*.** The Project Applicant will develop and implement a basic Travel Demand Management (TDM) Plan for the residential and commercial uses at the site. The Plan will build upon those TDM elements already being provided as part of the Project, such as secured bicycle parking and care share spaces, to which it will add additional components such as facilitating maps of local pedestrian and bicycle routes, transit stops and routes, and providing a taxi call service for the restaurant. The mitigation measure will be triggered if and at the time the changes to The Embarcadero/Washington Street identified in the Northeast Embarcadero Study are implemented. (DEIR IV.D.35)

B. Sea Level Rise

- **Impact SLR-3: The proposed project would expose people or structures to increased risk of flooding due to climate-induced sea level rise.** (DEIR IV.I.15) The difference between the Project site's elevation and a 100-year flood event is 1.2 feet, and under the higher sea-level-rise estimates, the Project site would be inundated during a 100-year event. Measures such as raising the underlying grade of the project site or constructing a berm around the project site to protect it against inundation are not available to this urban infill site. Raising the underlying grade would impede the easy and level flow of pedestrians and wheelchairs into the ground floor, and would require interior or exterior steps, landings, ramps and/or lifts to comply with Americans with Disabilities Act (ADA) and Building Code requirements, which would substantially reduce the amount and marketability of ground-floor space and, with the elevated position of the ground floor above the street, would impede visual, spatial and physical connectivity between pedestrians at street level and ground floor activities. For these reasons, raising the elevation of the Project site alone, without an area-wide approach that similarly raised the grade of the entire area, would not be feasible. Pursuant to *Ballona Wetlands Land Trust v. City of Los Angeles* (2011) 201 Cal.App.4th 455, 473-475, an impact to a project caused by the environment is not an impact that must be analyzed in an EIR. This decision was issued after the Agency prepared the EIR. Nevertheless, out of an abundance of caution, and in light of the fact that another court may not adopt the reasoning set forth in this decision, the Agency notes that this impact was identified and discussed within the EIR and this impact was determined to be *significant and unavoidable*. Although the Mitigation Measure M-SLR-3 would not reduce this impact to a less-than-significant level, it would serve to reduce this risk to residents and businesses. The Agency therefore adopts this measure.

Mitigation Measure M-SLR-3: *Emergency Plan*. The Project Applicant in conjunction with the building manager must prepare an initial Emergency Plan that includes at a minimum: monitoring by the building manager of agency forecasts of tsunamis and floods, methods for

notifying residents and businesses of such risks, and evacuation plans. The plan must be prepared prior to occupancy of any part of the Project, and the plan must be updated annually. The building manager must provide educational meetings for residents and businesses at least three times per year and conduct drills regarding the Emergency Plan at least once per year. (DEIR IV.I.16)

C. Air Quality

- **Impact AQ-3: Construction of the proposed project would expose sensitive receptors to substantial levels of PM_{2.5} and other TACs, including DPM.** (DEIR IV.E.20-22) The excess cancer risk and incremental PM_{2.5} concentrations at the maximally exposed individual due to project construction emissions exceed the significance thresholds established by the BAAQMD CEQA Guidelines. Mitigation Measure M-AQ-3 calls for all off-road construction equipment to be equipped with Tier 3 diesel engines or better. Because the analysis is based on default construction equipment inventory, it is not possible to know whether retrofitting with Level 3 verified diesel emission controls for all equipment would be feasible, or to quantify the resulting reduction in DPM for the mitigated scenario. However, even with implementation of the most effective measures to reduce DPM emissions, construction health risks would not be mitigated to below the excess incremental cancer risk significance threshold of 10 in a million. Thus, even with all feasible mitigation, the Project's construction emissions would have a *significant and unavoidable* health risk impact to nearby sensitive receptors.

Mitigation M-AQ-3: Construction Equipment. All off-road construction equipment is required to be equipped with Tier 3 (Tier 2 if greater than 750 hp) diesel engines or better to the extent feasible. Certain types of equipment – including but not limited to excavators, backhoes, and concrete boom pumps, are identified as candidates for retrofitting with CARB-certified Level 3 verified diesel emission controls (Level 3 VDECs, which are capable of reducing DPM emissions by 85% or better). For the purposes of this mitigation measure, "feasibility" refers to the availability of newer equipment in the subcontractor's fleet that meets these standards, or the availability of older equipment in the subcontractor's fleet that can be feasibly modified to incorporate Level 3 VDECs. All diesel generators used for Project construction must meet Tier 4 emissions standards. (DEIR IV.E.23-24)

- **Impact AQ-7: The proposed project would expose new (on-site) sensitive receptors to significant levels of PM_{2.5} and other TACs from a single source.** (DEIR IV.E.29-33) The maximum estimated single-source cancer risk for new residents due to an individual source within 1,000 feet of the project boundary exceeds the significance threshold of 10 in a million cancer risk and the significance threshold of 0.3 ug/m³ for PM_{2.5}. Therefore, the health risk

impacts associated with siting sensitive receptors at the site near single sources of PM_{2.5} and TACs is considered significant.

Mitigation measures may involve reducing emissions from the project or reducing a receptor's exposure to emissions. The project does not have the ability to mitigate emissions from offsite emission sources. Offsite stationary source emission rates are regulated by BAAQMD through the operator's air permits, while emission standards for vehicles and marine vessels are regulated by U.S. EPA and CARB. The proposed project would reduce emissions from the proposed project's emergency generator through implementation of Mitigation Measure M-AQ-6, and emissions from the proposed project's mobile sources would be reduced to the maximum extent feasible with measures to reduce automobile trips to and from the Project site.

Potential mitigation measures to reduce exposure for on-site receptors to emissions from on-site and off-site sources also include installation of mechanical ventilation with high-efficiency particulate air (HEPA) filters in project building ventilation systems, and planting trees at the site. However, although tree planting may reduce certain risks at lower level units, trees may be ineffective for reducing risks to residents that reside on higher floors. To further protect the Project's residential uses from nearby TACs the Project shall implement Mitigation Measure M-AQ-7, below. This mitigation measure would reduce risk associated with DPM exposure only when the receptor is indoors at home and the ventilation system is in operation.

While some commenters proposed other potential mitigation measures to address Impact AQ-7, including phasing development of the residential portion of the project to allow time for CARB diesel regulations to take effect, tiered plantings between the project and The Embarcadero, continuous ventilation, and inoperable windows, and eliminating outdoor decks, these measures are infeasible for the reasons more fully set forth in the Draft EIR and C&R. While the project would be required to plant trees, trees may be ineffective at reducing risks to residents on the higher floors, and planting more trees of tiered plantings would not change this conclusion. Furthermore, the effectiveness of plantings to reduce air pollutant concentrations depends on multiple factors, including the type of tree and wind speed, many of which are not currently quantifiable, therefore the potential success of this mitigation is not known and the mitigation is considered to be infeasible. Eliminating the options of opening windows, using outdoor decks and open space, and controlling a residential unit's ventilation system would seriously reduce the marketability of the residential units, and therefore these measures are infeasible. Phasing of the residential development to allow time for CARB diesel regulations to take effect is not feasible because the reduction in diesel emissions is a continuing process, and there is no one future point in time when the

- regulations will take effect in lowering diesel emissions. Furthermore, the impacts of future CARB regulations on diesel emissions were included in the EIR analysis to the extent feasible. Despite implementation of all feasible mitigation, this potential impact relating to single-source risk on new receptors would remain *significant and unavoidable*. (DEIR IV.E.33) (C&R IV.4-12)

M-AQ-6: *Emergency Generator Emissions Standards and Operating Hours.* (Discussed in Section III above under Impact AQ-6) (DEIR IV.E.28-29)

M-AQ-7: *Building Design and Ventilation Requirements.* The Project Applicant is required to submit a ventilation plan for the proposed buildings that show that the building ventilation systems remove at least 80 percent of the PM_{2.5} pollutants from habitable areas. The ventilation system is required to be designed by an engineer certified by ASHRAE, who must provide a written report documenting that the system offers the best available technology to minimize outdoor to indoor transmission of air pollution. In addition to installation of an air filtration system, the project sponsor shall present a plan that ensures ongoing maintenance for the ventilation and filtration systems. Disclosures to buyers and renters must inform occupants about the air quality analysis and the proper use of any installed air filtration system.

- **Impact AQ-8: The proposed project would expose new (on-site) sensitive receptors to cumulatively considerable levels of PM_{2.5} and other TACs from off-site and on-site sources.** (DEIR IV.E.34-35) The estimated cumulative cancer risk for new residents due to the on-site sources, off-site stationary sources, roadway sources and ferry terminal sources within 1,000 feet of the Project boundary exceeds the significance threshold of 100 in a million for cumulative impacts. The PM_{2.5} concentration exceeds the significance threshold of 0.8 ug/m³. While implementation of Mitigation Measure M-AQ-6 would reduce emissions from the Project's on-site generator by restricting operating hours and requiring emissions standards equivalent to a Tier 2 engine equipped with Level 3 VDEC, there is no additional feasible mitigation for this on-site source. Implementation of Mitigation Measure M-AQ-7 would reduce exposure of the on-site residential uses to health risks by requiring that the building's ventilation systems reduce PM_{2.5} level by at least 80 percent in habitable areas, thereby also reducing the potential for increased cancer risks at the site. The remaining off-site sources are not within the control of the Project Applicant or the City, and thus the Project does not have the ability to reduce emissions from these offsite sources. Despite implementation of all feasible mitigation, the Project would result in a *significant and unavoidable* impact with respect to exposing new sensitive receptors to cumulatively considerable levels of PM_{2.5} and other TACs from off-site and on-site sources.

M-AQ-6: Emergency Generator Emissions Standards and Operating Hours. (Discussed in Section III above under Impact AQ-6) (DEIR IV.E.28-29)

M-AQ-7: Building Design and Ventilation Requirements. (Discussed above under Impact AQ-7) (DEIR IV.E.33)

- **Impact AQ-10: Project construction activities would result in a considerable contribution to cumulatively significant levels of PM2.5 and other TACs on off-site receptors.** (DEIR IV.E.36) Operational emissions from roadways, ferry operations and off-site stationary sources total greater than 100 in a million excess cancer risk. In addition, the estimated cancer risk from Project construction is approximately 198 in a million, which by itself exceeds the cumulative construction health risk thresholds. Construction of the Project would exceed the project level thresholds for construction-related excess cancer risk and incremental annual average PM2.5 levels; therefore construction of the proposed project would result in a considerable contribution to cumulatively significant health risks impact on offsite sensitive receptors. Mitigation measures for project construction are described in Mitigation Measure M-AQ-3 regarding construction equipment. No additional feasible mitigation, beyond that already identified in mitigation M-AQ-3, has been identified to reduce health risks to offsite receptors from Project emissions; thus, this impact would be *significant and unavoidable* despite incorporation of all feasible mitigation.
- **M-AQ-3: Construction Equipment.** (Discussed above under Impact AQ-3) (DEIR IV.E.23-24)

V. IMPROVEMENT MEASURES THAT WOULD FURTHER REDUCE IMPACTS IDENTIFIED AS LESS THAN SIGNIFICANT

This section identifies improvement measures included in the Final EIR that would further reduce impacts identified as less than significant. The Agency finds that the improvement measures identified in this Section V would provide further reductions in impacts that are already less than significant. The Agency adopts the following improvement measures as conditions of project approval. These measures are also identified the MMRP.

- **Impact TR-1: The proposed project would not result in significant transportation impacts in the project vicinity due to vehicle traffic.** (DEIR IV.D.22-23). Project-generated vehicle trips would result in minor increases in the average delay per vehicle at all intersections; however, these intersections would continue to operate at acceptable service levels, and the Project would not cause significant traffic impacts.

Improvement Measure TR-1: Garage Signage. To minimize the possibility of traffic congestion due to vehicles queuing on Washington Street when entering the proposed garage, an electronic sign, to be activated when the garage is full, will be installed by the garage entrance on Washington Street. The sign will also direct motorists towards the Golden Gateway garage (1,350 spaces), located two blocks to the west of the project site, as an alternative parking location. (DEIR IV.D.23)

- **Impact TR-3: The proposed project would not result in significant impacts to pedestrians in the proposed project vicinity.** (DEIR IV.D.24-26) While conflicts between pedestrians and vehicles could occur at the Project garage driveway, the Project would not cause any major conflict or interfere with pedestrian movements in the area.

Improvement Measure TR-3: Pedestrian Alert Device. In order to improve the visibility and awareness of cars and pedestrians at the garage entrance, the Project Applicant will install an audible and visual device at the garage entrance to automatically alert pedestrians when a vehicle is exiting the facility, and will install a sign at the top of the garage ramp facing exiting vehicles with the words “Caution – Watch for Pedestrians” to warn motorists to be observant of pedestrians on the sidewalk. (DEIR IV.D.26) (C&R IV.24)

- **Impact TR-8: Construction of the proposed project would not cause a significant increase in traffic near the project site.** (DEIR IV.D.31-32) While construction truck traffic on streets near the Project site would cause a temporary lessening of their traffic-carrying capacities due to the slower movement and larger turning radii of trucks, all of the transportation impacts connected with construction of the Project would be temporary in duration and would be less than significant.

Improvement Measure TR-8a: Limitation on Trucking Hours. During construction, the Project Applicant agrees to limit truck movements to the hours between 9 AM and 3:30 PM (or other times, if approved by SFMTA) to minimize construction traffic occurring between 7 and 9 AM or between 3:30 and 6 PM peak traffic hours, when trucks could temporarily impede traffic and transit flow. (DEIR IV.D.32)

Improvement Measure TR-8b: Agency Consultation. The Project Applicant and construction contractor(s) will meet with the Traffic Engineering Division of SFMTA, the Fire Department, Muni, and the Planning Department to determine the best method to minimize traffic congestion and potential negative effects to pedestrian or bicycle circulation during construction of the proposed project. (DEIR IV.D.32)

VI. MITIGATION MEASURES AND PROJECT MODIFICATIONS PROPOSED BY COMMENTERS

Several commenters on the DEIR suggested additional mitigation measures and/or modifications to the measures recommended in the DEIR. In considering specific recommendations from commenters, the Agency has been cognizant of its legal obligation under CEQA to substantially lessen or avoid significant environmental effects to the extent feasible. The Agency recognizes, moreover, that comments frequently offer thoughtful suggestions regarding how a commenter believes that a particular mitigation measure can be modified, or perhaps changed significantly, in order to more effectively, in the commenter's eyes, reduce the severity of environmental effects. The Agency is also cognizant, however, that the mitigation measures recommended in the DEIR reflect the professional judgment and experience of the Agency's expert staff and environmental consultants and have been carefully considered. In considering commenters' suggested changes or additions to the mitigation measures as set forth in the DEIR, the Agency, in determining whether to accept such suggestions, either in whole or in part, considered the following factors, among others:

- (i) Whether the suggestion relates to a significant and unavoidable environmental effect of the Project, or instead relates to an effect that can already be mitigated to less than significant levels by proposed mitigation measures in the DEIR;
- (ii) Whether the proposed language represents a clear improvement, from an environmental standpoint, over the draft language that a commenter seeks to replace;
- (iii) Whether the proposal may have significant environmental effects, other than the impact the proposal is designed to address, such that the proposal is environmentally undesirable as a whole;
- (iv) Whether the proposed language is sufficiently clear as to be easily understood by those who will implement the mitigation as finally adopted;
- (v) Whether the language might be too inflexible to allow for pragmatic implementation;
- (vi) Whether the suggestions are feasible from an economic, technical, legal, or other standpoint; and
- (vii) Whether the proposal is consistent with the Project objectives.

For this project, several potentially significant and unavoidable impacts were identified and comments were received suggesting ways to further reduce those impacts. (See, e.g., C&R III.I.5, C&R III.N.5). These suggested measures either are already incorporated in the mitigation measures proposed for

adoption or were considered and rejected as infeasible. (See, e.g., C&R III.I.8-12, C&R III.N.13-14). The reasons for rejecting mitigation proposed by commenters that were received during the comment period are explained in the C&R and are incorporated herein by reference.

VII. EVALUATION OF PROGRAM ALTERNATIVES

This Section VII describes the Project as well as the Project alternatives (the “Alternatives”) and the reasons for approving the Project and for rejecting the Alternatives. This Section VII also outlines the Project’s purposes and provides a context for understanding the reasons for selecting or rejecting Alternatives.

CEQA mandates that every EIR evaluate a reasonable range of alternatives to the Project or the Project location that generally reduce or avoid potentially significant impacts of the Project. CEQA requires that every EIR also evaluate a “No Project” alternative. Alternatives provide a basis of comparison to the Project in terms of their significant impacts and their ability to meet Project objectives. This comparative analysis is used to consider reasonable, potentially feasible options for minimizing environmental consequences of the Project.

A. Reasons for Selection of the Project

The overall goal of the Project is to develop a high-quality, sustainable, and economically feasible high-density, primarily residential project that complements and enhances the character of the surrounding neighborhood. The Project will provide numerous public benefits, as explained in greater detail in Section VIII, including the following:

- **Housing.** The Project will increase the City’s housing stock by providing up to 134 new housing units, and will contribute to the production of affordable housing in the City by complying with the City’s Residential Inclusionary Affordable Housing Program.
- **Parks and Open Space.** The Project would create new publicly accessible parks and open space. The Project would provide Jackson Commons, an approximately 10,450 square foot public open space and view corridor north of the proposed residential buildings that would connect the City with the waterfront along the Jackson Street alignment. The Project would also create Pacific Park, an approximately 11,840 square foot publicly accessible park at the northern end of the Project site, which would connect the City with the waterfront along the Pacific Avenue alignment. Pacific Park will include a children’s interpretive sculpture garden with an interactive water feature. The Project would also provide approximately 2,890 additional square foot of open space along the existing Drumm Street pedestrian path.
- **New Neighborhood-Serving Retail Uses.** The Project would create approximately 19,800 square feet of new restaurant, café, and retail space, and replace the existing 9 outdoor tennis courts, two

outdoor pools, basketball outdoor half-court and offsite 7,355 square foot fitness center with a new 16,350 square foot indoor fitness center with new outdoor swimming pool facilities, which would serve existing residents in the Golden Gateway area as well as new residents and waterfront visitors.

- **Benefits to the Port.** The Project would provide substantial benefits to the Port, including both onetime payments in connection with the Project Applicant's purchase of portions of Seawall Lot 351, and ongoing payments in perpetuity in connection with the transfer of the dwelling units that will be developed on the Project site. The Project would also replace the existing surface parking lot on Seawall Lot 351 with below grade parking facilities.
- **Transportation.** The Project would provide pedestrian and circulation improvements, including the widening of the sidewalks along The Embarcadero, Washington Streets, and Drumm Street.
- **Land Use and Urban Design.** The Project would redevelop an underutilized urban infill site that includes a large surface parking lot with a new mixed use, high-density development with housing, ground floor retail uses, and new public parks and open space.
- **Economic Development and Jobs.** The Project would generate construction jobs during the construction of the Project as well as permanent employment opportunities to support the Project's new residential and commercial uses during a period of high unemployment in the City and the region.

B. Alternatives Rejected and Reasons for Rejection

The Agency is approving the Project Variant, with the minor modifications explained previously. To the extent that the Project differs from the Project as proposed in the DEIR, the Agency rejects the Project as described in the DEIR and the Agency rejects the Alternatives set forth in the Final EIR and listed below because the Agency finds, in addition to the reasons described in Section VIII below, that there is substantial evidence, including evidence of economic, legal, social, technological, and other considerations described in this Section under CEQA Guidelines 15091(a)(3), that make infeasible such Alternatives. In making these determinations, the Agency is aware that CEQA defines "feasibility" to mean "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, legal, and technological factors."

1. Alternative A: No Project Alternative

Consistent with Section 15126.6(e)(1) of the CEQA Guidelines, this alternative assumes that the Project site would remain in its existing condition. The No Project Alternative ("Alternative A") is rejected because it would not achieve any of the Project objectives identified in Section I. In particular, the No

Project Alternative would not further any of the Project Applicant's objectives, or any of the Port's urban design, land use, and financial objectives for Seawall Lot 351.

Alternative A would fail to convert the existing surface parking and private health club uses of the Project site into a new mixed-use, residential project with ground floor retail uses that create an enlivened pedestrian experience along The Embarcadero and Washington Street, below grade parking, new publicly accessible open spaces, and new health club and swimming facilities. Alternative A would not create any new jobs, either during construction or operation of the project. Furthermore, Alternative A would not result in the production of any housing units or the payment of in lieu fees to support the construction of affordable housing.

Thus, while Alternative A would avoid impacts associated with the Project, this alternative would not further any of the Project Applicant's or Port's objectives or provide any of the benefits contemplated by the Project, and is therefore rejected. The Agency rejects Alternative A on each of these grounds independently. All of the reasons provide sufficient independent grounds for rejecting Alternative A.

2. Alternative B: Existing Height and Bulk

The purpose of the Existing Height and Bulk Alternative ("Alternative B") is to provide an alternative that complies with the existing height and bulk requirements to serve as a point of comparison for the height and bulk of the Project. (DEIR.VI.5) Under Alternative B, the project site would be developed under the existing RC-4 zoning and 84-E height and bulk designations. (DEIR.VI.5) Under Alternative B, Seawall Lot 351 would be combined with the 8 Washington site, and the Project Applicant would develop the Project site with two buildings: a south building (south of the Jackson Street alignment and 40 to 65 feet tall) and a north building (north of the Jackson Street alignment and 40-65 feet tall). (DEIR.VI.6) There would be a total of 297 residential units, which would be approximately twice as many as under the Project (the Project would provide 134 residential units). (DEIR.VI.6, C&R.III.Q.27-28) Compared to the Project, Alternative B would substantially reduce the number of residential parking spaces (there would be 75 spaces instead of 134 spaces) and public parking spaces (there would be 120 spaces, including 90 spaces for the Port, whereas the Project would provide 255 public parking spaces, including the 90 parking spaces for the Port (DEIR.VI.6, C&R.III.Q.27-28) Alternative B would provide publicly accessible open space in similar quantities, locations, and configurations as would the Project, including the creation of the proposed Jackson Common and Pacific Avenue Park. (DEIR.VI.6, C&R.III.Q.27-28)

Environmental Impacts Compared to Proposed Project. Alternative B would generally result in the same impacts as the Project. While none of the Project's significant and unavoidable impacts would be avoided with Alternative B, Alternative B would lessen the Project's shadow impacts. (DEIR.VI.11; C&R.III.Q.32) Because the overall height of buildings is reduced under Alternative B compared to the Project, shadow on some public open spaces would be reduced, although Alternative B would have similar shadow

impacts on Sue Bierman Park, the Embarcadero Promenade, and the Port Walk Promenade. (DEIR.VI.11; C&R.III.Q.32) Under Alternative B, there would be more daily person trips due to the greater number of residential units than under the Project, and these additional trips would translate into additional vehicle trips during the PM peak hour. (DEIR.VI.9, C&R III.Q.30). The increased number of vehicle trips under this alternative, however, would have a marginal effect on the intersections studied in the Final EIR. The construction air quality impacts of Alternative B would be slightly greater than those for the Project due to the greater amount of construction, and operational emissions for Alternative B would be proportional to vehicle trip generation, which would be higher than that of the Project. (DEIR.VI.10, C&R III.Q.31) The risk of encountering archaeological resources during construction would increase under the Alternative B between the Jackson Street and Pacific Avenue alignments because of the residential building that would be constructed there, although the potential for encountering archeological resources would decrease south of Jackson Street because Alternative B's parking garage would only be two levels instead of three levels. (DEIR.VI.9, C&R.III.Q.28-30)

Although Alternative B would generally meet most project objectives, and while Alternative B provides an alternative that would comply with existing height and bulk requirements, the Agency rejects this alternative as infeasible within the meaning of CEQA for the following reasons:

- The block perimeter configuration for residential buildings north and south of the Jackson Street alignment could result in units with closed courtyard exposure that would make them less marketable.
- Alternative B would generally result in the same impacts as the Project and would not avoid any of the Project's significant and unavoidable impacts. Although shadow impacts would be reduced, Alternative B would result in slightly greater air quality and transportation impacts due to the greater number of residential units and construction and, therefore, does not provide a marked environmental benefit as compared to the Project.
- Alternative B does not include any replacement outdoor recreational facilities and would not further the Project Applicant's objective to construct recreation facilities to serve Golden Gateway residents, San Francisco's residents, and waterfront visitors.
- Alternative B provides an inferior urban design form compared to that of the Project because Alternative B does not provide a stepped transition from the one-two story buildings located north of the Jackson Street alignment to the eight-twelve story residential building located at the corner of Drumm and Washington Streets.
- While Alternative B would provide the Port with 90 parking spaces, Alternative B would supply fewer total public parking spaces than the Project, and therefore is less likely to meet the Project Applicant's objective to increase the supply of public underground parking to support the continued

economic viability of the Ferry Building Farmer's Market and the retail and restaurant uses at the Ferry Building, Pier 1 and Piers 1-1/2 – 5, and waterfront visitors.

The Agency rejects Alternative B on each of these grounds independently. All of the reasons provide sufficient independent grounds for rejecting Alternative B.

3. Alternative C: Public Trust Conforming

The purpose of the Public Trust Conforming Alternative ("Alternative C"), Seawall Lot 351 is to consider a project scheme that is consistent with the public trust values applicable to Seawall Lot 351. (DEIR VI.12). Like the Project, Alternative C would combine the 8 Washington site with Seawall Lot 351, but a hotel would be developed on Seawall Lot 351 (a use that is consistent with the public trust), rather than the residential uses proposed under the Project. (DEIR VI.12, C&R III.Q.27-28). Under Alternative C, the Project Applicant would construct four buildings, similar in scale, configuration, location, and layout to the Project, except that the health club would be 12,800 feet and include four ground level tennis courts and two rooftop pools under Alternative C. (DEIR VI.14, C&R III.Q.27-28). Alternative C would include 111 residential units and 160 hotel rooms, whereas the Project would provide 134 residential units and no hotel rooms. (DEIR VI.14, C&R III.Q.27-28). The parking garage would include 111 residential spaces and 112 public spaces, including the 90 public spaces to serve the Ferry Building and waterfront uses. Alternative C would provide publicly accessible open space in similar quantities, locations, and configurations as with the Project. (DEIR VI.14, C&R III.Q.27-28).

Environmental Impacts Compared to Project.

Alternative C would generally result in the same impacts as the Project. While none of the Project's significant and unavoidable impacts would be avoided with Alternative C, Alternative C would reduce the potential for encountering archeological resources during construction because the below-grade parking would not be constructed on Seawall Lot 351, and because excavation for a two-level garage south of Jackson Street would be shallower than excavation for the Project three-level garage. (DEIR VI.14-18, C&R III.Q.28-34) With mitigation, the impacts to archeological resources would be less than significant under both Alternative C and the Project. Under this alternative, there would be more daily person trips due to the addition of a hotel into the mix of project uses, and these additional person-trips would translate into additional vehicle and transit trips during the PM peak hour compared to the Project. (DEIR VI.14-18, C&R III.Q.30-31). Parking demand under Alternative C would also be more intense. The demand for parking at the midday peak hour would be for about 459 parking spaces (versus 391 for the Project), but this alternative would supply fewer spaces (111 residential and 112 public for a total of 223, instead of the 389 total parking space for the proposed project), so the shortfall of parking would be greater at the midday peak hour than in the Project. (DEIR VI.15-16, C&R III.Q.30-31) Impacts to land use, air quality, greenhouse gases, recreation, sea level rise, and biological resources would be

similar to that of the Project. (DEIR VI.15-16, C&R III.Q.28-34)

Although Alternative C would generally meets most project objectives, and although Alternative C would not require a public trust exchange, the Agency rejects this alternative as infeasible within the meaning of CEQA for the following reasons:

- Alternative C would generally result in the same impacts as the Project and would not avoid any of the Project's significant and unavoidable impacts. Although the potential for encountering archeological resources would be reduced, as with the Project, all archeological resource impacts are mitigable and less than significant under both the Project and Alternative C
- Alternative C would only create a total of 111 residential units, up to 23 fewer than with the Project, which would result in fewer housing units being added to the City's housing stock, and a smaller in-lieu fee payment under the City's Residential Inclusionary Affordable Housing Program.
- While Alternative C would provide the Port with 90 parking spaces, Alternative C would supply fewer total public parking spaces than the Project, and therefore is less likely to meet the Project Applicant's objective to increase the supply of public underground parking to support the continued economic viability of the Ferry Building Farmer's Market and the retail and restaurant uses at the Ferry Building, Pier 1 and Piers 1-1/2 – 5 and waterfront visitors.

The Agency rejects Alternative C on each of these grounds independently. All of the reasons provide sufficient independent grounds for rejecting Alternative C.

4. Alternative D: Develop Only 8 Washington Lots

The purpose of the Develop Only 8 Washington Lots Alternative ("Alternative D"), is to analyze the independent development of the 8 Washington site without Seawall Lot 351 to serve as a comparison to the DEIR's proposed project. (DEIR VI.18) Under Alternative D, Seawall Lot 351 would not be included in the Project and instead would continue in its current use as a surface parking lot owned by the Port. The Project Applicant would develop the 8 Washington site with 162 residential units in two buildings: a south building (south of Jackson Street) along Drumm and Washington Streets, and a north building (north of Jackson Street), which would include an indoor athletic club and outdoor recreational facilities. (DEIR VI.19) A three level underground garage would provide a total of 325 parking spaces, whereas the Project would provide a total of 389 parking spaces in an underground garage. (DEIR VI.18; C&R III.Q.27-28) Alternative D would provide more restaurant and retail space than the Project (29,100 square feet versus 19,800), and smaller health club than the project (12,800 square feet versus 16,350 square feet). (DEIR VI.18; C&R III.Q.27-28) Furthermore, whereas Alternative D would provide 3 tennis courts, the Project would not provide any tennis courts. Alternative D would provide less publicly accessible open

space: only 6,200 sq. ft. of publicly accessible open space along the Jackson Street alignment (as opposed to the Project's 10,450 square feet), and about 1,500 sq. ft. of publicly accessible open space at the north end of the site (as opposed to the Project's 11,840 square feet), and Alternative D would also not provide a widened Drumm Street walkway. (DEIR VI.18; C&R III.Q.27-28)

Environmental Impacts Compared to Project.

Alternative D would generally result in reduced environmental impacts compared to the Project, although these reduced impacts would not avoid the Project's significant and unavoidable impacts. Alternative D would continue an existing barrier to direct pedestrian access to The Embarcadero from Jackson Street and Pacific Avenue (which would be removed under the Project) because Seawall Lot 351 would not be part of the Alternative D. (DEIR VI.21. C&R.III.Q.27). While Alternative D would have slightly fewer vehicle and person trips compared to the DEIR's proposed project because Alternative D would provide slightly fewer residential units than the DEIR's proposed project, there would be slightly more person-trips and vehicle trips under Alternative D when compared to the Project because the Project would provide fewer residential units (134 units) than either the DEIR's proposed project (165 units) or Alternative D (162 units). (DEIR IV.D.22, C&R III.Q.27-28, 30) Similarly, while Alternative D and the DEIR's proposed project's air quality impacts were similar, the Project would have slightly less operational emissions than the Alternative D due to reduced vehicle trip generation. (DEIR IV.D.22-23, C&R III.Q.27-28, 31) Due to a shift in building height and volume from Seawall Lot 351 to the north side of Jackson Common, Alternative D would have a greater shadow impact on the existing Drumm Street pedestrian path, the proposed Pacific Avenue Park, the proposed Jackson Common, and the proposed swimming pools. Impacts to air quality, greenhouse gases, sea level rise, and biological resources would be similar to that of the Project.

The Agency rejects this Alternative D as infeasible within the meaning of CEQA for the following reasons:

- While Alternative D would have slightly reduced transportation impacts compared to DEIR's proposed project, Alternative D would generally result in the same impacts as the Project and would not avoid any of the Project's significant and unavoidable impacts.
- Alternative D would not further the Project Applicant's objectives to improve the pedestrian realm along The Embarcadero and to improve pedestrian and visual connectivity with The Embarcadero because no pedestrian access to The Embarcadero would be provided through the Project site along the alignments of Jackson Street and Pacific Avenue. Alternative D would also not further the objective to develop SWL 351 in conjunction with the 8 Washington site.
- Alternative D would not further any of the Port's urban design, land use, and financial objectives for Seawall Lot 351, as presented in its Request for Proposals for Seawall Lot 351, including the

replacement of the existing surface parking with a below grade parking garage and the activation of the streetscape with ground floor retail uses along The Embarcadero.

- Alternative D would provide considerably less parks and open publicly accessible open space compared to the Project, thereby resulting in fewer benefits to the public.

The Agency rejects Alternative D on each of these grounds independently. All of the reasons provide sufficient independent grounds for rejecting Alternative D.

5. Alternative E: Develop Only 8 Washington Lots under Existing Height and Bulk

The purpose of the Develop Only 8 Washington Lots under Existing Height and Bulk Alternative ("Alternative E") is to analyze the independent development of the 8 Washington site without Seawall Lot 351 under existing height and bulk requirements to serve as a comparison to the DEIR's proposed project. (DEIR VI.18) Under Alternative E, Seawall Lot 351 would continue in its current use as a surface parking lot, a use consistent with the public trust. The Project Applicant would develop 8 Washington site with two buildings: a south building (south of Jackson Street) along Drumm and Washington Streets; and a north building (north of Jackson Street). The south building would be four stories tall (40 feet tall) and would include approximately 87 residential units, 17,000 square feet of retail space, and 12,100 square feet of restaurant space at the ground floor. (DEIR VI.25) The north building (approximately 40 feet tall) would contain four indoor tennis courts, 30,000 square feet of indoor athletic club facilities, as well as four rooftop outdoor tennis courts, and one ground-level outdoor tennis court (a total of nine tennis courts). (DEIR VI.18) The athletic club facility would also include two ground-level outdoor swimming pools. (DEIR VI.18) A two-level, underground parking garage would be constructed beneath the south building for 21 residential spaces and 120 public spaces (a total of 141 parking spaces). Alternative E would provide less open space than the Project, including approximately 6,200 square feet along the Jackson Street right-of-way, and approximately 6,200 square feet at the end of Pacific Avenue. (DEIR VI.18)

Environmental Impacts Compared to Project.

Alternative E would have reduced environmental impacts compared to the Project, although none of the proposed project's significant impacts would be avoided with Alternative E. While the mix of land uses for Alternative E would be similar to the Project, land use impacts would be less under Alternative E because there would be substantially fewer residential units (87 units compared to 134 units). (DEIR VI.27; C&R.III.Q.27-28) Alternative E would continue an existing barrier to direct pedestrian access to The Embarcadero from Jackson Street and Pacific Avenue because Seawall Lot 351 would not be part of the Project. (DEIR VI.27; C&R.III.Q.27-28) Under this Alternative D, there would be fewer residential units than in the Project, resulting in fewer person-trips and fewer vehicle trips, and the transportation

impacts would be less intense than under the Project. (DEIR VI.28; C&R.III.Q.30-31) Operational emissions for this alternative would be proportional to vehicle trip generation, which would be substantially less than that of the Project. (DEIR VI.28-29; C&R.III.Q.31) As a result of the 40 foot height of the south building, Alternative E would have less shadow impacts on Sue Bierman Park, Jackson Common and other open spaces, although the reduction in building height would not eliminate shadows. (DEIR VI.29-30; C&R.III.Q.32) Furthermore, Alternative E would increase shadow impacts to the Drumm Street walkway. Impacts relating to greenhouse gases, sea level rise, and biological resources would be similar to that of the Project.

Besides the No Project Alternative, Alternative E would be the environmentally superior alternative due to its reduced development program, site disturbance, and building heights. (DEIR VI.30)

The Agency rejects this Alternative E as infeasible within the meaning of CEQA for the following reasons:

- Alternative E would not further the Project Applicant's objectives to improve the pedestrian realm along The Embarcadero and to improve pedestrian and visual connectivity with The Embarcadero because no pedestrian access to The Embarcadero would be provided through the Project site along the alignments of Jackson Street and Pacific Avenue. Alternative D would also not further the objective to develop SWL 351 in conjunction with the 8 Washington site.
- Alternative E would not further any of the Port's urban design, land use, and financial objectives for Seawall Lot 351, as presented in its Request for Proposals for Seawall Lot 351, including the replacement of the existing surface parking with a below grade parking garage and the activation of the streetscape with ground floor retail uses along The Embarcadero.
- Alternative E would provide considerably less parks and publicly accessible open space compared to the Project, thereby resulting in fewer benefits to the public.
- Alternative E would only create a total of 87 residential units, up to 47 fewer than with the Project, which would result in fewer housing units being added to the City's housing stock, and a smaller in-lieu fee payment under the City's Residential Inclusionary Affordable Housing Program.
- While Seawall Lot 351 would continue in its existing surface parking lot use under Alternative E, this alternative would supply fewer public parking spaces than the Project and therefore is less likely to meet Project Applicant's objective to increase the supply of public underground parking to support the continued economic viability of the Ferry Building Farmer's Market and the retail and restaurant uses at the Ferry Building, Pier 1 and Piers 1-1/2 – 5.

The Agency rejects the Alternative E on each of these grounds independently. All of the reasons provide sufficient independent grounds for rejecting Alternative E.

6. The Proposed Project Analyzed in the FEIR

As previously discussed, the Project is similar to the Large Fitness Center Project Variant ("Project Variant") that was analyzed in the Final EIR, Chapter VII, C&R IV.37-44, except that the Project Variant would provide 160 residential units whereas the Project would provide 134 residential units, 26 fewer units than under the Project Variant as described in the DEIR. Furthermore, the Project Variant would provide 420 parking spaces (160 residential and 260 public parking spaces), whereas the Project would provide 389 parking spaces (134 residential and 255 public parking spaces), 31 parking spaces fewer than under the Project Variant. Under the Project Variant, the café to be constructed at the corner of The Embarcadero and Jackson Street would be approximately 1,915 square feet, whereas it would be approximately 1,800 square feet under the Project. A more detailed summary of the Project Variant and its environmental analysis is contained in Sections I.C and I.D.

The Project has slightly different environmental impacts than the FEIR's proposed project, although the impacts and mitigation measures would be substantially the same for the Project as they are for the FEIR's proposed project. (C&R IV.38-44) While the base isolation structural system of the Project would require excavating foundation for the residential buildings 3 to 5 feet deeper than for the Draft EIR's proposed project, the Project's impacts with respect to archeological resources would remain less than significant with the mitigation. (C&R IV.38-39). Compared to the Draft EIR's proposed project, the Project would generate fewer vehicular trips to and from the site during the peak hour resulting in reduced transportation impacts. (C&R III.Q.30-31). However, with the base isolation structural system, excavation for foundations would be slightly deeper for the Project, resulting in additional haul truck trips to remove more soil from the project site during construction. (C&R III.Q.30-31)

With respect to air quality impacts, while there would be an approximately 15 percent increase in the number of truck trips generated during construction for the additional excavation with the Project, resulting in greater construction related air quality impacts. (C&R III.Q.31) While the larger fitness center would generate more vehicle trips than the Draft EIR's proposed project, this increase would be offset by the reduction in trips from the fewer residential units and retail and restaurant space of the project. (C&R III.Q.31) The Draft EIR's proposed project would replace 4 of the existing tennis courts on the project site and the Project would not provide any tennis courts, thereby resulting in a greater reduction of tennis courts under the Project; nevertheless, impacts on recreation would remain less than significant for both the Draft EIR's proposed project and the Project, and the number of residents per tennis court would remain lower under the Project than the recommended standard of 1 court for every 5,000 residents. (C&R IV.42-44)

- The Agency rejects the Draft EIR's proposed project as infeasible within the meaning of CEQA for the following reasons: While the Draft EIR's proposed project would generally meet the Project Sponsor's and Port's objectives for the project, the design of the health club under the Draft EIR's proposed

project does not respond to comments from the public requesting that the swimming pools be on the ground instead of on the roof and that the swimming facilities be enlarged. (C&R.III.Q.22-23) The Project responds to these comments by modifying the design of the health club to provide larger swimming facilities on the ground level. (C&R.III.Q.28-29).

- The Project would result in fewer vehicular trips generated compared to the Draft EIR's proposed project because the Project would provide fewer residential units and less retail and residential space. In this respect, the Project incorporates those elements of project alternatives that proposed reducing transportation impacts (and associated air quality impacts) by reducing the number of units in the project.

The Agency rejects the Draft EIR's proposed project on each of these grounds independently. All of the reasons provide sufficient independent grounds for rejecting Draft EIR's proposed project.

C. Alternatives Considered but not Analyzed in Detail

The EIR explains that an Initial Project Proposal Alternative, Hotel Only / Preservation of Existing Health Club Alternative, Offsite Alternative / Broadway Alternative, Reduced Sea Level Rise Impact Alternative were considered but rejected because they either would not achieve most of the Project Applicant's and the Port's objectives, would not reduce significant environmental project impacts, and/or do not represent feasible alternatives for other economic, social or environmental reasons. (EIR VI.31-34). The Agency finds each of these reasons provide sufficient independent grounds for rejecting these alternatives.

In addition, several comments received in comments on the DEIR suggested that the EIR should analyze additional alternatives, such as a no parking garage alternative, a zero or reduced parking alternative that has more emphasis on public transit, a parking code alternative, a parking validation system alternative, a more practical reduced height alternative, a design options alternative that keeps all of the existing Athletic Club's outdoor uses, or an alternative consistent with the Asian Neighborhood Design's Community Vision for San Francisco's Northeast Waterfront. (C&R III.Q.1-7, 16-20). The C&R document explains that the alternatives proposed by commenters would not achieve most of the Project Applicant's and Port's objectives, would not reduce significant environmental project impacts, and/or do not represent feasible alternatives for other economic, social or environmental reasons, or are similar to alternatives that were considered but rejected in the Draft EIR. (C&R III.Q.13-16, 21-22). The Agency finds each of these reasons provide sufficient independent grounds for rejecting these Alternatives.

VIII. STATEMENT OF OVERRIDING CONSIDERATIONS

Pursuant to CEQA section 21081 and CEQA Guideline 15093, the Agency hereby finds, after consideration of the Final EIR and the evidence in the record, that each of the specific overriding economic, legal, social, technological and other benefits of the Project as set forth below independently and collectively outweighs these significant and unavoidable impacts and is an overriding consideration warranting approval of the Project. Any one of the reasons for approval cited below is sufficient to justify approval of the Project. Thus, even if a court were to conclude that not every reason is supported by substantial evidence, the Agency will stand by its determination that each individual reason is sufficient. The substantial evidence supporting the various benefits can be found in the preceding findings, which are incorporated by reference into this Section VIII, and in the documents found in the record of proceedings relating to the Final EIR.

On the basis of the above findings and the substantial evidence in the whole record of this proceeding, the Agency specifically finds that there are significant benefits of the proposed Project to support approval of the Project in spite of the unavoidable significant impacts, and therefore makes this Statement of Overriding Considerations. Specifically, notwithstanding the significant and unavoidable impacts to Transportation (Impact TR-9), and Air Quality (Impacts AQ-3, AQ-7, AQ-8, AQ-10), the Project benefits as described below and described elsewhere in this document, outweigh these impacts.

As noted in Section IV.B, pursuant to *Ballona Wetlands Land Trust v. City of Los Angeles* (2011) 201 Cal.App.4th 455, 473-475, Impact SLR-3, as an impact to the Project caused by the environment, is not an impact that must be analyzed in the EIR. Nevertheless, out of an abundance of caution the EIR analyzed this impact, and concluded that this impact is significant and unavoidable. The Agency finds that, even if this impact were a significant and unavoidable impact for CEQA purposes, the benefits described below and described elsewhere in this document, also outweigh this impact.

The Agency further finds that, as part of the process of obtaining Project approval, all significant effects on the environment from implementation of the Project have been eliminated or substantially lessened where feasible. All mitigation measures proposed in the FEIR that are applicable to the Project are adopted as part of this approval action. Furthermore, the Agency has determined that any remaining significant effects on the environment found to be unavoidable are acceptable due to the following specific overriding economic, technical, legal, social and other considerations. Any alternatives proposed by the public are rejected for the reasons set forth in the DEIR, C&R, the preceding findings, and the reasons set forth herein.

The Project has the following benefits:

- **Infill Urban Mixed Use Development.** The Project will increase the City's housing stock by providing up to 134 new housing units. The Project will also contribute to the production of affordable housing units in the City by paying an in lieu fee in compliance with the City's

Residential Inclusionary Affordable Housing Program. Furthermore, because there are no existing housing units on the Project site, the Project will not result in the demolition of any existing housing units or the displacement or relocation of any residents. The Project would be created by converting an existing surface parking lot and a tennis and swim club health club that is closed off from the waterfront with a mix of public-oriented ground floor retail uses within a sensitively designed development which incorporates building heights and scale that transitions from adjacent high-rise development down to the waterfront, and complements the Embarcadero Historic District. The Project would eliminate the curb cut along The Embarcadero, and provide public spaces and widened sidewalks integrated into a new public park and walkway system, connecting the City with the waterfront.

- **Parks and Open Space.** The Project would create new parks and publicly accessible open space where none currently exists. In particular, the Project would create a 10,450 square foot public open space corridor north of the proposed residential buildings that would reconnect the City with the waterfront along the Jackson Street alignment (Jackson Commons). The Project would also create an 11,840 square foot publicly accessible park at the northern end of the site along and north of the Pacific Avenue alignment (Pacific Park). These new open spaces would both visually and physically reconnect the City with the waterfront. In addition, the Project would provide an additional 2,890 square feet of publically accessible open space along the existing Drumm Street pedestrian path.
- **New Neighborhood-Serving Retail Uses.** The Project would create approximately 19,800 square feet of ground floor, restaurant, retail and café space, where none currently exists, which would serve existing residents in the Golden Gateway area as well as new residents and waterfront visitors.
- **Benefits to the Port.** The Project would provide substantial financial benefits to the Port, including both one time payments in connection with the Project applicant's purchase of portions of Seawall Lot 351, and ongoing payments in perpetuity in connection with transfer fees on the sale of condominium units that would accrue to the Port's Harbor Fund to support other waterfront improvements and Port public trust responsibilities. The Port would also receive revenue from the infrastructure financing district that would be established as part of the Project, and these revenues also would be used to fund Port improvement projects. The Project would also provide the Port with underground public parking facilities, including at least 90 public parking spaces and to serve and support customers of the Ferry Building Marketplace and Farmer's Markets, and waterfront visitors.
- **Improving Transportation Access.** The public realm improvements created in the Project's public open space program also would provide important pedestrian and circulation improvements that enhance the appearance and public enjoyment of the west side of The

Embarcadero. They would reinstate connections in the city street grid via the former Jackson Street and Pacific Avenue rights-of-way which are currently blocked by the Golden Gateway Tennis & Swim Club, enabling pedestrians to walk from the waterfront to Sidney Walton Park, and to and through Jackson Square, Chinatown and North Beach. The Project site is located near regional ferry, BART, Muni, and Golden Gate Transit facilities and in walking distance to the Downtown, Chinatown, and North Beach areas, which would encourage residents, visitors, and workers to travel to and from the project site by transit, bicycle and foot, rather than by private automobile.

- **Economic Development and Jobs.** The Project would generate jobs during the construction of the Project as well as permanent employment opportunities to support the Project's new residential and commercial uses during a period of high unemployment in the City and the region. The Project would encourage participation by small and local business enterprises through a comprehensive employment and contracting policy. The Project's new retail uses would provide opportunities for resident employment and business ownership, and the proposed addition of up to 134 new households would strengthen business at existing establishments in the vicinity of the project site. Furthermore, the Project will provide the City with net new property value by developing an underutilized infill site with new residential and commercial uses, taxes on which will help fund critical City services and programs.

Having considered these benefits, the Agency finds that the benefits of the Project outweigh the unavoidable adverse environmental effects, and that the adverse environmental effects are therefore acceptable. The Agency further finds that each of the above considerations is sufficient to approve the Project. For each of the reasons stated above, and all of them, the Project should be implemented notwithstanding the significant unavoidable adverse impacts identified in the Final EIR.

EXHIBIT A: MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 8 WASHINGTON / SEAWALL LOT 351 PROJECT (Includes Text for Adopted Mitigation and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
MITIGATION MEASURES FOR THE 8 WASHINGTON / SEAWALL LOT 351 PROJECT				
<i>Cultural Resources (Archeological Resources) Mitigation Measures</i>				
Mitigation Measure M-CP-1a: Archeological Testing, Monitoring and Data Recovery and Reporting				
Based on the archaeological identification efforts undertaken, it is clearly known that archaeological resources are present within the project site. The following measures shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. The project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archaeological consultant shall undertake an archaeological testing program as specified herein. In addition, the consultant shall be available to conduct an archaeological monitoring and/or data recovery program if required pursuant to this measure. The archaeological consultant's work shall be conducted in accordance with this measure and with the requirements of the project archeological research design and treatment plan (Archeo-Tec, <i>Archeological Research Design/Treatment Plan for the 8 Washington Street Project</i>, January 2003; and <i>Addendum Archeological Research Design and Treatment Plan for the 8 Washington Street Project</i>, February 2011) at the direction of the ERO. In instances of inconsistency between the requirement of the project archeological research design and treatment plan and of this archeological mitigation measure, the requirement of this archeological mitigation measure shall prevail. All plans and reports prepared by the consultant as specified herein shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Implementation of the archaeological identification, evaluation, and data recovery requirements of this measure and of the project archeological research design and treatment plans (2003, 2011) would reduce to a less-than-significant level potential effects on a significant archaeological resource as defined in <i>CEQA Guidelines</i> Section 15064.5 (a) and (c). Archeological Testing Program The archaeological consultant shall prepare and submit to the ERO for review and approval an archaeological testing plan (ATP) taking into account the ARDTP and Addendum to the ARDTP. The archaeological testing program shall be conducted in accordance with the approved ATP. The ATP shall identify the property types of the expected archaeological resource(s) that potentially could be adversely affected by the proposed project, the testing method to be used, and the locations recommended for testing. The purpose of the archaeological testing program will be to determine to the	Project sponsor to retain qualified professional archaeologist from the pool of consultants maintained by the Planning Department	Prior to commencement of soil-disturbing activities, submittal of reports for approval by Planning Department	(See below regarding archaeologist's reports.)	
	Archeological consultant to undertake archaeological testing program	Archeological Testing Plan to be submitted to and approved by ERO prior to testing, which is to be prior to any excavation, site preparation or	Consultant to prepare ATP in consultation with the ERO.	

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extent possible the presence or absence of archaeological resources and to identify and to evaluate whether any archaeological resource encountered on the site constitutes an historical resource under CEQA. At the completion of the archaeological testing program, the archaeological consultant shall submit a written report of the findings to the ERO. If based on the archaeological testing program the archaeological consultant finds that significant archaeological resources may be present, the ERO in consultation with the archaeological consultant shall determine if additional measures are warranted. Additional measures that may be undertaken include additional archaeological testing, archaeological monitoring, and/or an archaeological data recovery program. If the ERO determines that a significant archaeological resource is present and that the resource could be adversely affected by the proposed project, at the discretion of the project sponsor either: A) The proposed project shall be re-designed so as to avoid any adverse effect on the significant archaeological resource; or B) A data recovery program shall be implemented, unless the ERO determines that the archaeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible. <u>Archaeological Monitoring Program (AMP)</u> If the ERO in consultation with the archaeological consultant determines that an archaeological monitoring program shall be implemented, the archaeological monitoring program shall minimally include the following provisions: • The archaeological consultant, project sponsor, and ERO shall meet and consult on the scope of the AMP reasonably prior to any project-related soils-disturbing activities commencing. The ERO in consultation with the archaeological consultant shall determine what project activities shall be archaeologically monitored. In most cases, any soils-disturbing activities, such as demolition, foundation removal, excavation, grading, utilities installation, foundation work, driving of piles (foundation, shoring, etc.), site remediation, etc., shall require archaeological monitoring because of the risk these activities pose to potential archaeological resources and to their depositional context; • The archaeological consultant shall advise all project contractors to be on the alert for evidence of the presence of the expected resource(s), of how to identify the evidence of the expected resource(s), and of the appropriate protocol in the event of apparent discovery of an archaeological resource; • The archaeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archaeological consultant and the ERO until the ERO has, in consultation with the project archaeological consultant, determined	Archaeological consultant to submit results of testing, and in consultation with ERO, determine whether redesign of a data recovery program is warranted. Project sponsor and project archaeologists, in consultation with ERO Archaeological monitor and project sponsor's construction contractors	construction At the completion of the archaeological testing program Prior to any demolition or removal activities, and during construction at any location As construction contractors are retained, prior to any soils-disturbing activities. Schedules for monitoring to be established in the	Consultant to submit report of findings from testing program to Planning Department Consultant to prepare Archaeological Monitoring Program (AMP) in consultation with the ERO Archaeological consultant to advise all construction contractors Archaeological monitor to observe construction according to the schedules established in the AMP for	

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that project construction activities could have no effects on significant archaeological deposits; - The archaeological monitor shall record and be authorized to collect soil samples and actual/ecofactual material as warranted for analysis; - If an intact archaeological deposit is encountered, all soils-disturbing activities in the vicinity of the deposit shall cease. The archaeological monitor shall be empowered to temporarily redirect demolition/excavation/pile driving/construction activities and equipment until the deposit is evaluated. If in the case of pile-driving activity (foundation, shoring, etc.), the archaeological monitor has cause to believe that the pile-driving activity may affect an archaeological resource, the pile-driving activity shall be terminated until an appropriate evaluation of the resource has been made in consultation with the ERO. The archaeological consultant shall immediately notify the ERO of the encountered archaeological deposit. The archaeological consultant shall make a reasonable effort to assess the identity, integrity, and significance of the encountered archaeological deposit, and present the findings of this assessment to the ERO. Whether or not significant archaeological resources are encountered, the archaeological consultant shall submit a written report of the findings of the monitoring program to the ERO. <u>Archaeological Data Recovery Program</u> The archaeological data recovery program shall be conducted in accord with an archaeological data recovery plan (ADRP). The archaeological consultant, project sponsor, and ERO shall meet and consult on the scope of the ADRP prior to preparation of a draft ADRP. The archaeological consultant shall submit a draft ADRP to the ERO. The ADRP shall identify how the proposed data recovery program will preserve the significant information the archaeological resource is expected to contain. That is, the ADRP will identify what scientific/historical research questions are applicable to the expected resource, what data classes the resource is expected to possess, and how the expected data classes would address the applicable research questions. Data recovery, in general, should be limited to the portions of the historical property that could be adversely affected by the proposed project. Destructive data recovery methods shall not be applied to portions of the archaeological resources if nondestructive methods are practical. The scope of the ADRP shall include the following elements: <i>Field Methods and Procedures.</i> Descriptions of proposed field strategies, procedures, and operations. <i>Cataloguing and Laboratory Analysis.</i> Description of selected cataloguing	Archaeological consultant Project sponsor and project archaeologist, in consultation with ERO	AMP, in consultation with ERO. Upon completion of soil-disturbing activities Considered complete once verification of curation occurs.	each site Archaeological monitor shall temporarily redirect construction activities as necessary and consult with ERO Written report of findings of monitoring program to be submitted to ERO Consultant to prepare Archaeological Data Recovery Program in consultation with ERO. Final ADRP to be submitted to ERO	

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system and artifact analysis procedures. <i>Discard and Deaccession Policy.</i> Description of and rationale for field and post-field discard and deaccession policies. <i>Interpretive Program.</i> Consideration of an on-site/off-site public interpretive program during the course of the archaeological data recovery program. <i>Security Measures.</i> Recommended security measures to protect the archaeological resource from vandalism, looting, and non-intentionally damaging activities. <i>Final Report.</i> Description of proposed report format and distribution of results. <i>Curation.</i> Description of the procedures and recommendations for the curation of any recovered data having potential research value, identification of appropriate curation facilities, and a summary of the accession policies of the curation facilities. <u>Human Remains and Associated or Unassociated Funerary Objects</u> The treatment of human remains and of associated or unassociated funerary objects discovered during any soils-disturbing activity shall comply with applicable State and Federal laws. This shall include immediate notification of the Coroner of the City and County of San Francisco and in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission (NAHC) who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The archaeological consultant, project sponsor, and MLD shall make all reasonable efforts to develop an agreement for the treatment of, with appropriate dignity, human remains and associated or unassociated funerary objects (<i>CEQA Guidelines</i> Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, custodianship, curation, and final disposition of the human remains and associated or unassociated funerary objects.	Project sponsor and project archaeologist, in consultation with ERO	Ongoing throughout soils-disturbing activities	If applicable, upon discovery of human remains and/or associated or unassociated funerary objects, the consultant shall notify the Coroner of the City and County of San Francisco, and in the event of the Coroner's determination that the human remains, notification of the California State Native American Heritage Commission who shall appoint a Most Likely Descendant (MLD) who shall make reasonable efforts to develop an agreement for the treatment of human remains and/or associated or unassociated funerary objects.	

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Final Archaeological Resources Report The archaeological consultant shall submit a Draft Final Archaeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archaeological resource and describes the archaeological and historical research methods employed in the archaeological testing/monitoring/data recovery program(s) undertaken. Information that may put at risk any archaeological resource shall be provided in a separate removable insert within the final report. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound copy, one unbound copy and one unlocked, searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest in or the high interpretive value of the resource, the ERO may require a different final report content, format, and distribution than that presented above. Implementation of the approved plan for testing, monitoring, and data recovery under Mitigation Measure M-CP-1a would ensure that the information potential of archaeological resources that may be encountered during construction of the project would be preserved and/or realized. With this mitigation, the proposed project would not have a significant impact on archaeological resources.	Project sponsor and project archaeologist, in consultation with ERO	Upon completion of cataloguing and analysis of recovered data and findings. Upon approval of Final Archaeological Resources Report by ERO	Consultant to prepare draft and final Archaeological Resources Report reports. The ERO to review and approve the Final Archaeological Resources Report Consultant to transmit final, approved documentation to NWIC and San Francisco Planning Department. Consultant shall prepare All plans and recommendations for interpretation by the consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO.	
Mitigation Measure M-CP-1b: Interpretation Based on a reasonable presumption that archaeological resources may be present within the project site, and that the potential significance of some such resources may be may be premised on CRHR Criteria 1 (Events), 2 (Persons), and/or 3 (Design/Construction), the following measure shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. The project sponsor shall implement an approved program for interpretation of resources. The project sponsor shall retain the services of a qualified archaeological consultant having expertise in California urban historical and marine archaeology. The	Project sponsor and project archaeologist, in consultation with ERO	Prior to and during construction activities	ERO to approve final interpretation program	

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archaeological consultant shall develop a feasible, resource-specific program for post-recovery interpretation of resources. The particular program for interpretation of artifacts that are encountered within the project site will depend upon the results of the data recovery program and will be the subject of continued discussion between the ERO, consulting archaeologist, and the project sponsor. Such a program may include, but is not limited to, any of the following (as outlined in the ARDTP): surface commemoration of the original location of resources; display of resources and associated artifacts (which may offer an underground view to the public); display of interpretive materials such as graphics, photographs, video, models, and public art; and academic and popular publication of the results of the data recovery. The archaeological consultant's work shall be conducted at the direction of the ERO, and in consultation with the project sponsor. All plans and recommendations for interpretation by the consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO.				

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Mitigation Measure M-CP-6: Accidental Discovery The following mitigation measure is required to avoid any potential adverse effect from the proposed project on accidentally discovered buried or submerged historical resources as defined in <i>CEQA Guidelines</i> Section 15064.5(a)(c). The project sponsor shall distribute the Planning Department archaeological resource "ALERT" sheet to the project prime contractor; to any project subcontractor (including demolition, excavation, grading, foundation, pile driving, etc. firms); or utilities firm involved in soils disturbing activities within the project site. Prior to any soils disturbing activities being undertaken, each contractor is responsible for ensuring that the "ALERT" sheet is circulated to all field personnel, including machine operators, field crew, pile drivers, supervisory personnel, etc. The project sponsor shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet. Should any indication of an archeological resource be encountered during any soils disturbing activity of the project, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken. If the ERO determines that an archeological resource may be present within the project site, the project sponsor shall retain the services of a qualified archeological consultant. The archeological consultant shall advise the ERO as to whether the discovery is an archeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archeological resource is present, the archeological consultant shall identify and evaluate the archeological resource. If the archeological consultant determines that continuation of construction in the vicinity of the archeological resource may have a significant impact on the resources, the consultant shall provide recommendations to the ERO regarding how to avoid such an impact. Based on the recommendations reviewed and approved by the ERO, the ERO shall require such specific additional measures to be implemented by the project sponsor that the ERO finds necessary to implement the approved consultant's recommendations. Measures might include: preservation in situ of the archeological resource; an archeological monitoring program; or an archeological testing program. If an archeological monitoring program or archeological testing program is required, it shall	Project sponsor to prepare "ALERT" sheet and provide signed affidavit from project contractor, subcontractor(s) and utilities firm(s) stating that all field personnel have received copies of the "ALERT" sheet Project sponsor and project contractor's Head Foreman Project sponsor and project archaeologist	Prior to soils disturbance activities During soils disturbance activities When determined necessary by the ERO.	ERO to approve signed affidavit ERO to determine if additional measures are necessary ERO to determine if additional measures are necessary to implement	

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be consistent with the Environmental Planning (EP) division guidelines for such programs. The ERO may also require that the project sponsor immediately implement a site security program if the archeological resource is at risk from vandalism, looting, or other damaging actions. The project archeological consultant shall submit a Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describes the archeological and historical research methods employed in the archeological monitoring/data recovery program(s) undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the final report. Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The EP division of the Planning Department shall receive one bound copy, one unbound copy, and one unlocked, searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.	Project sponsor and project archaeologist to prepare draft and final FARR	When determined necessary by the ERO	ERO to review and approve final FARR	
Transportation Mitigation Measures Mitigation Measure M-TR-9: Travel Demand Management Plan The project sponsor will develop and implement a basic Travel Demand Management (TDM) Plan for the residential and commercial uses at the site. The Plan will build upon those TDM elements already being provided as part of the Proposed Project, such as secured bicycle parking and car share spaces, to which it will add additional components such as facilitating maps of local pedestrian and bicycle routes, transit stops and routes, and providing a taxi call service for the restaurant. The mitigation measure will be triggered if and at the time the changes to The Embarcadero/Washington Street identified in the NES are implemented. Noise Mitigation Measures Mitigation Measure Noise-1: Construction Noise Pile driving would be required for this project. The project sponsor shall require	Project sponsor and construction contractor(s) to develop and implement	The mitigation measure will be triggered if and at the time the changes to The Embarcadero/Washington Street identified in the Northeast Embarcadero Study (NES) are implemented.	If triggered, project sponsor shall provide a draft TDM Plan to Planning Department and SFMTA for review and approval.	
	Project sponsor and project construction	During construction. At least 48 hours prior to pile	Project sponsor to provide copies of pile driving	

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construction contractors to pre-drill site holes to the maximum depth feasible based on soil conditions. The project sponsor shall also require that contractors schedule pile-driving activity for times of the day that would be in accordance with the provisions of the San Francisco Noise Ordinance and in consultation with the Director of Public Works, to disturb the fewest people. Contractors shall be required to use construction equipment with state-of-the-art noise shielding and muffling devices. At least 48 hours prior to pile-driving activities, the project sponsor shall notify building owners and occupants within 200 feet of the project site by fliers posted on each floor in each building and distributed by building management of the dates, hours, and expected duration of such activities.	contractor(s)	driving activities, the Project Sponsor shall notify building owner and occupants within 200 feet of the project site of the dates, hours, and expected duration of such activities.	schedule approved by DPW and notices to building owners and occupants to Planning Department.	
Mitigation Measure Noise-2: Title 24 Compliance The project sponsor shall conduct a detailed analysis of noise reduction requirements for the proposed buildings. Noise insulation features identified and recommended by the analysis shall be included in the building design, as specified in the <i>San Francisco General Plan</i> Land Use Compatibility Guidelines for Community Noise to reduce potential interior noise levels to the maximum extent feasible.	Project sponsor shall retain a qualified acoustical consultant to conduct analysis and include in building design	Prior to issuance of building permit	Consultant to submit report to Department of Building Inspection. Department of Building Inspection to review building plans to ensure recommendations are included.	
Air Quality Mitigation Measures Mitigation M-AQ-3: Construction Equipment All off-road construction equipment shall be equipped with Tier 3 (Tier 2 if greater than 750 hp) diesel engines or better. The following types of equipment were identified as candidates for retrofitting with CARB-certified Level 3 verified diesel emission controls (Level 3 VDECs, which are capable of reducing DPM emissions by 85% or better), due to their expected operating modes (i.e., fairly constant use at high revolution per minute): • Excavators • Backhoes • Rubber-Tired Dozers • Concrete Boom Pumps • Concrete Trailer Pumps • Concrete Placing Booms • Soil Mix Drill Rigs • Soldier Pile Rigs • Shoring Drill Rigs All diesel generators used for project construction must meet Tier 4 emissions	Project sponsor and project construction contractor(s) shall implement	Project sponsor, with assistance from project construction contractor(s) shall submit quarterly reports regarding compliance with construction equipment usage	Project sponsor to submit quarterly reports to Planning Department	

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standards. As described previously, modeling default equipment inventories were used because site specific information not available at the time of this analysis; hence, the equipment listed above may or may not be used for the project. To the extent that the above listed types of equipment are used for project construction, those equipment types will be required to meet DPM emission standards equivalent to Tier 3 (Tier 2 if greater than 750 hp) engines with Level 3 VDECs, if feasible. For the purposes of this mitigation measure, "feasibility" refers to the availability of newer equipment in the subcontractor's fleet that meets these standards, or the availability of older equipment in the subcontractor's fleet that can be feasibly modified to incorporate Level 3 VDECs. It should be noted that for specialty equipment types (e.g. drill rigs, shoring rigs and concrete pumps) it may not be feasible for construction contractors to modify their current, older equipment to accommodate the particulate filters, or for them to provide newer models with these filters pre-installed. Therefore, this mitigation measure may be infeasible.				
Mitigation M-AQ-6: Emergency Generator Emissions Standards and Operating Hours To ensure that health risk impacts from the proposed project do not result in significant impacts to on- and off-site sensitive receptors, the project's emergency generator shall meet the following requirements: 1. The project sponsor shall ensure that the emergency generator proposed as part of the project meets the emissions standards equivalent to a Tier 2 engine equipped with a Level 3 verified emissions control device; and 2. The project sponsor shall ensure that ongoing testing of this generator is limited to no more than 35 hours per year; and The project sponsor shall maintain records of annual fuel use and operating hours and shall make those records available to the ERO upon request.	Project sponsor and project construction contractor(s) shall implement	Project sponsor, with assistance from construction contractors, shall submit quarterly reports regarding compliance and shall maintain records of annual fuel use and operating hours.	Project sponsor to submit reports to Planning Department	
Mitigation M-AQ-7: Building Design and Ventilation Requirements The project sponsor shall submit a ventilation plan for the proposed buildings. The ventilation plan shall show that the building ventilation systems remove at least 80 percent of the PM_{2.5} pollutants from habitable areas. The ventilation system shall be designed by an engineer certified by ASHRAE, who shall provide a written report documenting that the system offers the best available technology to minimize outdoor to indoor transmission of air pollution. In addition to installation of an air filtration system, the project sponsor shall present a plan that ensures ongoing maintenance for the ventilation and filtration systems. The project sponsor shall also ensure the disclosure to buyers and renters regarding the findings of the analysis and inform occupant's proper use of any installed air filtration system.	Project sponsor shall retain the services of an appropriately qualified engineer to design ventilation system and prepare report. Project sponsor or project construction contractor(s) shall prepare maintenance	Ventilation plan report and maintenance plan to be prepared prior to issuance of building permit. Project sponsor and building manager or real estate agent shall disclose results of ventilation plan and inform future	Planning Department and Department of Building Inspection to review plans and report for ventilation system. Project sponsor to provide disclosure documents to Planning Department.	

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	plan. Project sponsor shall prepare disclosure documents.	occupants' on the proper use of installed air filtration system at a meeting related to signing ownership papers or rental agreement.		
Sea Level Rise Mitigation Measures				
Mitigation Measure M-SLR-3: Emergency Plan The project sponsor, in conjunction with the building manager, shall prepare an initial Emergency Plan that shall include at a minimum: monitoring by the building manager of agency forecasts of tsunamis and floods, methods for notifying residents and businesses of such risks, and evacuation plans. The plan shall be prepared prior to occupancy of any part of the proposed project. The building manager shall maintain and update the Emergency Plan annually. The building manager shall provide educational meetings for residents and businesses at least three times per year and conduct drills regarding the Emergency Plan at least once per year.	Project sponsor and Building Manager shall prepare Emergency Plan	Prior to occupancy Building manager shall provide Emergency Plan educational meetings at least 3 times per year	Project sponsor to provide copies of emergency plan to Planning Department and Department of Building Inspection, and shall provide copies of annual updates and evidence of meetings.	
Biological Resources Mitigation Measures				
Mitigation Measure M-BI-2: Vegetation Removal During the Non-Breeding Season or Preconstruction Survey Vegetation removal activities for the proposed project shall be conducted during the non-breeding season (i.e., September through February) to avoid impact to nesting birds or preconstruction surveys shall be conducted for work scheduled during the breeding season (March through August). Preconstruction surveys shall be conducted by a qualified ornithologist, authorized by CDFG to conduct such activities, to determine if any birds are nesting in or in the vicinity of vegetation. The preconstruction survey shall be conducted within 15 days prior to the start of work from March through May (since there is higher potential for birds to initiate nesting during this period), and within 30 days prior to the start of work from June through August. If active songbird nests are found in the work area, a buffer of 50 feet between the nest and work area shall be established. If active raptor nests are found in the work area, a buffer of 200 feet shall be established between the nest and the work area. No work will be allowed with the buffer(s) until the young have successfully fledged. In some instances, the size of the nest buffer can be reduced and its size shall therefore be determined by the biologist in consultation with the CDFG, and shall be based to a large extent on the nesting species, its sensitivity to disturbance, and the type and frequency of disturbance.	Project sponsor to retain qualified professional consultant to carry out and report on surveys	Prior to construction, a preconstruction survey shall be conducted by a qualified botanist within 15 days prior to the start of work from March through May	Copies of report from surveys to be provided to Planning Department	

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Mitigation Measure M-B1-4: Conformity with the Planning Department's Standards for Bird-Safe Buildings The proposed project shall conform with the applicable requirements of San Francisco Planning Department <i>Standards for Bird-Safe Buildings</i>, Public Review Draft, October 2010 that would apply to the proposed project. In the event that <i>Standards for Bird Safe Buildings</i> are adopted and effective at the time a building permit for the proposed project is sought, the proposed project shall comply with the adopted Standards in addition to any provisions contained in the Public Review Draft, October 2010, not included in the adopted Standards that, in the judgment of the ERO, would provide greater protection for birds.	Project sponsor shall conform to applicable requirements	Prior to building permit issuance	Planning Department and Inspection	
Hazards and Hazardous Materials Mitigation Measures				
Mitigation Measure Hazards-1: Flammable Vapors During Construction: The project sponsor shall implement a soil vapor survey to evaluate the presence of potentially flammable vapors prior to final design of the proposed building. Should the survey identify the potential presence of flammable vapors at levels greater than the lower flammability limit or lower explosive limit, then the project sponsor shall require the construction contractor to include measures to control flammable gases during construction (such as ventilation) in the construction site safety plan and to implement these measures.	Project sponsor and qualified soil surveyors shall prepare a soil vapor survey Project sponsor and project construction contractor(s) shall implement	Prior to the issuance of building permit During construction	Project sponsor to provide copy of survey report to Department of Building Inspection	
Mitigation Measure Hazards-2: Vapor Intrusion During Operation: Based on the results of the soil vapor survey conducted in accordance with Mitigation Measure Hazards-1, the project sponsor shall perform a screening evaluation to assess the worst-case risks related to vapor intrusion into the subsurface structure following construction. Should the screening evaluation indicate substantial risk, then the project sponsor shall conduct additional site characterization as necessary and conduct a site-specific evaluation, including fate and transport modeling, to more accurately evaluate site risks. Should the site-specific evaluation indicate substantial risk, the project sponsor shall implement either soil and/or groundwater remediation to remove vapor sources or engineering measures such as a passive or active vent system and a membrane system to control intrusion of vapors into the proposed structure and conduct long-term monitoring for potential intrusion of vapors until risk-based cleanup levels have been met. The degree of monitoring would depend upon site specific conditions and the level of volatile organic compounds present. These actions shall be conducted in accordance with the California Department of Toxic Substances Control guidance, <i>Interim Final, Guidance for Evaluation and Mitigation of Subsurface Vapor</i>	Project sponsor and qualified consultant shall perform a screening evaluation, and shall conduct additional site characterization and evaluation if recommended in screening evaluation. Project Sponsor to determine if remediation is required and	Prior to issuance of building permit Project sponsor, with assistance from qualified consultant, shall conduct monitoring for the	Project sponsor shall submit draft and final screening evaluation and monitoring plan to San Francisco Department of Public Health for review and approval. Department of Building Inspection shall ensure that any engineering measures recommended in site-specific evaluation on reports.	

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<i>Intrusion to Indoor Air</i> dated December 15, 2004, revised February 7, 2005 or the current version of this guidance at the time of construction. The screening level and site-specific evaluations shall be conducted under the oversight of the SFDPH and methods for compliance with this measure shall be specified in the site mitigation plan prepared in accordance with Article 22A of the San Francisco Health Code and subject to review and approval by the SFDPH.	implement long-term monitoring for potential intrusion.	duration of construction activities		
IMPROVEMENT MEASURES FOR THE 8 WASHINGTON / SEAWALL LOT 351 PROJECT				
Improvement Measure TR-1: Garage Signage To minimize the possibility of traffic congestion due to vehicles queuing on Washington Street when entering the proposed garage, an electronic sign, to be activated when the garage is full, will be installed by the garage entrance on Washington Street. The sign will also direct motorists towards the Golden Gateway garage (1,350 spaces), located two blocks to the west of the project site, as an alternative parking location.	Project sponsor and project construction contractor(s) to install garage signage	Prior to building occupancy	Planning Department and Department of Building Inspection	
Improvement Measure TR-3: Pedestrian Alert Device The project sponsor will install an audible and visual device at the garage entrance to automatically alert pedestrians when a vehicle is exiting the facility. A sign will also be installed at the top of the garage ramp facing exiting vehicles with the words "Caution - Watch for Pedestrians" to warn motorists to be observant of pedestrians on the sidewalk.	Project sponsor and project construction contractor(s) to install pedestrian alert device	Prior to building occupancy	Planning Department and Department of Building Inspection	
Improvement Measure TR-8a: Limitation on Trucking Hours During construction, the project sponsor agrees to limit truck movements to the hours between 9 AM and 3:30 PM (or other times, if approved by SFMTA) to minimize construction traffic occurring between 7 and 9 AM or between 3:30 and 6 PM peak traffic hours, when trucks could temporarily impede traffic and transit flow.	Project sponsor and project construction contractor(s) to limit trucking hours	During construction	Planning Department and SFMTA	
Improvement Measure TR-8b: Agency Consultation The project sponsor and construction contractor(s) will meet with the Traffic Engineering Division of SFMTA, the Fire Department, Muni, and the Planning Department to determine the best method to minimize traffic congestion and potential negative effects to pedestrian or bicycle circulation during construction of the proposed project.	Project sponsor and project construction contractor(s) to consult with Planning Department.	Prior to building permit issuance	Planning Department, SFMTA, SF Fire Department, and Muni to approve method to minimize traffic congestion and potential negative	

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	SFMTA, SF Fire Department and Muni and implement best method to reduce traffic congestion and potential negative effects during construction		effects to pedestrian or bicycle circulation	

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 12-47

- WHEREAS, Charter Section B3.581 empowers the Port Commission ("**Port**") with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and
- WHEREAS, The Port of San Francisco Waterfront Land Use Plan, including the Design and Access Element (collectively, the "**Waterfront Plan**") is the Port's adopted land use document for property within Port jurisdiction, which provides the policy foundation for waterfront development and improvement projects; and
- WHEREAS, The Port owns Seawall Lot 351 ("**SWL 351**"), a triangular lot located at Washington Street and The Embarcadero, which lot is also within both of the Waterfront Plan's Ferry Building Waterfront area and Ferry Building Mixed Use Opportunity Area, and is adjacent to the Golden Gateway residential site having an address at 8 Washington Street ("**8 Washington site**;" together with SWL 351, the "**Project Site**"); and
- WHEREAS, SWL 351 is subject to the common law public trust for commerce, navigation, and fisheries and the statutory trust imposed by the Burton Act, Chapter 1333 of the Statutes of 1968, as amended, by which the State of California (the "**State**") conveyed to the City and County of San Francisco (the "**City**"), in trust and subject to certain terms, conditions and reservations, the State's interest in certain tidelands (collectively, the "**Public Trust**"); and
- WHEREAS, The Waterfront Plan includes the following Development Standards for the Ferry Building Mixed Use Opportunity Area:

"Explore the possibility of obtaining economic value from SWL 351 by combining it with the adjacent Golden Gateway residential site [the 8 Washington site] to provide expanded opportunities for mixed residential and commercial development.

"Maximize efficient use of new and existing parking to serve existing business, further promote public use of the Ferry and Agriculture Buildings, stimulate reuse of Piers 1, 1-1/2, 3 and 5.

"The design of new development should respect the character of the Ferry Building, the mid-Embarcadero open space improvements, and the Golden Gateway project.

"The design of new development should minimize the perceived barrier of The Embarcadero and encourage a pleasant pedestrian connection between the City and the waterfront.

"Allow...restaurants and other eating and drinking establishments that both attract and benefit from visitors to the waterfront. (Waterfront Plan, pp. 128-130);" and

- WHEREAS, The acceptable land uses for SWL 351 identified in the Waterfront Plan include open space, residential, parking, and retail (including restaurants), recreational enterprises and visitor services (*Waterfront Plan, Table (1, 2, 3, 4), p. 126*); and
- WHEREAS, By Resolution No. 08-45, the Port Commission authorized Port staff to issue a Request for Proposals (the "**RFP**") to solicit proposals from qualified parties to develop and operate on SWL 351 a mixed-use project to promote Public Trust purposes and the Waterfront Plan, including the Development Standards for the Ferry Building Mixed Use Opportunity Area; and
- WHEREAS, The Port Commission (i) reviewed and evaluated the summary and analyses of San Francisco Waterfront Partners II, LLC's ("**Developer**") proposal prepared by Port staff, its independent real estate economics consultant, and the evaluation panel, (ii) reviewed the Port staff recommendations set forth in the Staff Report accompanying Resolution 09-12, (iii) considered the public testimony on Developer's proposal given to the Port Commission, and (iv) determined that the Developer's proposal met the requirements set out in the RFP and achieved the Port's objectives for SWL 351; and
- WHEREAS, By Resolution 09-12, the Port Commission (i) awarded to Developer an exclusive right to negotiate with the Port to develop the Project Site, and (ii) directed Developer and Port staff to participate in a community planning process (the "**NES**") led by the San Francisco Planning Department, as recommended in the February 19, 2009 letter to the Port Commission from Supervisor David Chiu; and
- WHEREAS, The Port and Developer entered into an Exclusive Negotiating Agreement, effective August 26, 2009 (as may be amended from time to time, the "**ENA**"), setting forth the process, terms and conditions upon which the Port and Developer agreed to negotiate certain transaction documents for the development of the Project Site and requiring the Port and Developer to negotiate a term sheet to describe the basic elements of the proposed project, site plan, use program, economic parameters, and other fundamental terms that will serve as the basis for negotiating the transaction documents (the "**Term Sheet**"); and

- WHEREAS, By Resolution 10-66, the Port Commission approved the Term Sheet containing the business terms for the proposed Project (as defined below); and
- WHEREAS, Developer is proposing to build on portions of the Project Site that will be held in private ownership after the Trust Exchange (as defined below), the following improvements: (i) two mixed-use buildings containing approximately 134 residential units, (ii) an underground parking garage for residents of the buildings and the public, (iii) a new fitness and health club, and (iv) a café adjacent to the new fitness and health club (collectively, the "**Developer Improvements**"); and
- WHEREAS, Developer is proposing to build on portions of the Project Site the Port will own after the Trust Exchange, the following improvements: (i) approximately 10,450 square feet of public open space to be known as "**Jackson Commons**" located on the former Jackson Street right-of-way, (ii) approximately 11,840 square feet of public open space to be known as "**Pacific Park**" immediately north of the Trust Retail Parcel, (iii) approximately 2,890 square feet of additional public open space along the Drumm Street pedestrian path, (iv) an approximately 4,000 square foot, one-story, 18-foot-tall retail building on a parcel adjacent to Pacific Park (the "**Trust Retail Parcel**"), and (v) approximately 4,835 square feet of improved and widened sidewalk along the west side of The Embarcadero, immediately south of Pacific Park and fronting a portion of the east side of the newly built fitness and health club (collectively, the "**Public Improvements**;" together with the Developer Improvements, the "**Project**"); and
- WHEREAS, In connection with the use of Jackson Commons and Pacific Park as public open space, the Port and Developer are proposing that Jackson Commons and all or a portion of Pacific Park be dedicated as a public right-of-way for use as parks and open space only; and
- WHEREAS, In order to develop the proposed Project, the California State Lands Commission ("**State Lands Commission**") must approve a Public Trust exchange authorizing a realignment of the Public Trust between the 8 Washington site and SWL 351 pursuant to Section 5 of Chapter 310, Statutes of 1987 ("**Chapter 310**") (the "**Trust Exchange**") and the Port has negotiated with the State Lands Commission staff a trust exchange agreement (the "**Trust Exchange Agreement**") whereby the Public Trust will be lifted from approximately 23,020 square feet of SWL 351 (the "**Trust Termination Parcel**") in exchange for impressing the Public Trust on approximately 28,241 square feet of the 8 Washington site that is not currently subject to the Public Trust (the "**Trust Parcel**"); and
- WHEREAS, As required by Chapter 310, the Port Commission makes the following findings with respect to the Trust Termination Parcel:

1. *The Trust Termination Parcel has been filled and reclaimed.* The Trust Termination Parcel is a portion of SWL 351, which was filled as part of the Port's program of reclaiming lands between the new seawall and the previously existing City front, for the purpose of generating revenues used to support the improvement of the harbor.

2. *The Trust Termination Parcel is cut off from access to the waters of the Bay.* All of the Trust Termination Parcel is located on filled land, located on the landside of the 100 foot wide Embarcadero Roadway, which consists of 6 traffic lanes and the MUNI light-rail corridor. No immediate access to the waters of San Francisco Bay exists from any portion of the Trust Termination Parcel.

3. *The Trust Termination Parcel is a very small portion of the Port's trust grant.* The total area of the Trust Termination Parcel is approximately 22,650 square feet (approximately $\frac{1}{2}$ acre). The total amount of granted tide and submerged lands held by the Port is approximately 725 acres, of which the Trust Termination Parcel represents 0.07%.

4. *The Trust Termination Parcel is no longer needed or required for the promotion of the Public Trust.* Except for ferry operations at the Ferry Building and limited boat docking at Pier 1½ and 3, maritime activities are no longer significant in the Ferry Building Waterfront area. The Ferry Building Waterfront area abuts downtown San Francisco's diverse mix of urban activities. SWL 351 is immediately adjacent to a private swim and tennis club and is near low to high-rise residential and commercial development. For many years, the site has been used as a surface parking lot. Because SWL 351 is physically cut-off from the water, serves no purpose in furthering maritime commerce, navigation or fisheries, and the existing surface parking will be replaced with more public parking spaces in an underground parking garage, it is no longer needed or required for the promotion of the Public Trust. In addition, the San Francisco Public Utilities Commission ("**SFPUC**") operates a force main that serves much of the northeast waterfront which runs through the entire width of SWL 351. No structures can be built over the length of the force main, including a buffer zone around the force main, which in effect, further divides SWL 351 into two smaller and separate areas, making development of Public Trust consistent commercial uses that much more difficult. SWL 351's relatively small size and unusual shape (as currently configured), in addition to the inability to build structures over the SFPUC force main that runs through the entire width of SWL 351 (i) does not allow for the development of any of the uses that would further the overall Public

Trust goals of the Waterfront Plan or promote other Public Trust uses such as useable or desirable open space or park use, and (ii) makes development of a Public Trust-consistent commercial use, such as hotel or retail, economically infeasible, as further evidenced by the withdrawal of the only other respondent to the RFP before the Port's review of the proposal even began. Its current use for parking serving the Ferry Building Waterfront area could be better continued as sub-surface parking (as proposed), which would improve the appearance of the site and allow for development of better and additional public-serving Public Trust uses, as further described in item #5 below.

5. The Trust Termination Parcel can be removed without causing substantial interference with Public Trust uses and purposes and the Trust Parcel is useful for the particular trust purposes authorized by the Burton Act. In exchange for the lifting of the Public Trust from the Trust Termination Parcel, a greater square footage of land immediately adjacent to SWL 351 will be impressed with the Public Trust. By combining SWL 351 and the 8 Washington site, the resulting land configuration allows for the development of a mixed use project that further promotes Public Trust uses and purposes and realizes the vision put forth in the Waterfront Plan, by, among other things, (i) creating important new visual and pedestrian public access linking Jackson Street to The Embarcadero; (ii) achieving a long term solution to parking needs of the Ferry Building Waterfront area, as well as a central parking location for visitors to the northeastern waterfront; (iii) improving the visual quality of the Ferry Building Waterfront area by locating parking underground and creating an attractive mixed use development that enhances the land side of The Embarcadero and reconnects San Francisco with the waterfront; (iv) creating new parks along The Embarcadero, enhancing the waterfront visitor experience; (v) providing visitor-serving retail uses, including a café in prominent location adjacent to the proposed Pacific Park with waterfront views, (vi) creating new view corridors of the San Francisco Bay through the Project Site, and (vii) creating significant structures that recognize and respect the Port's bulkhead structures across The Embarcadero; and

WHEREAS, The City's Director of Property has determined based on an independent MAI appraisal that the Trust Termination Parcel has an appraised value of \$7,560,000 and the Trust Parcel has an appraised value of \$8,630,000, confirming that the value of the land to be exchanged into the Public Trust equals or exceeds the value of the land to be exchanged out of the Public Trust; and

- WHEREAS, Developer is proposing to subdivide the Project Site into separate land and air space parcels such that, among other things, the Trust Retail Parcel and the portions of the Project Site that will be owned by the Port after the Trust Exchange (not including the Trust Retail Parcel, "**Open Space Parcel**") shall be their own separate legal parcels; and
- WHEREAS, On November 21, 2011, the Waterfront Design Advisory Committee reviewed the design of the Project and found it consistent with the Waterfront Design and Access goals, objectives and criteria; and
- WHEREAS, Schematic Drawings of the proposed Project, a copy of which is on file with the Port Commission are consistent with the Waterfront Plan applicable to the Ferry Building Waterfront Area; and
- WHEREAS, Port staff and Developer have negotiated the terms of the (1) Disposition and Development Agreement, (2) Lease No. L-15110, (3) Purchase and Sale Agreement, (4) Trust Exchange Agreement, (5) Maintenance Agreement, and (6) related exhibits and attachments to all of the foregoing (collectively, the "**Project Documents**") described in the Memorandum accompanying this Resolution, copies of which are on file with the Port Commission Secretary; and
- WHEREAS, The Purchase and Sale Agreement for the Project ("**PSA**") sets forth the terms and conditions under which (i) the Port will convey the Trust Termination Parcel to Developer, (ii) Developer will convey the Trust Parcel to the Port, (iii) Developer will develop the Developer Improvements, (iv) Developer will dedicate in perpetuity, no less than 175 parking spaces in the underground parking garage, which spaces may be provided on an independently accessible or valet basis to serve the Ferry Building Waterfront area, (v) the Port can exercise an option to purchase an air space parcel within the underground parking garage that can accommodate no less than 175 cars after completion of the Project until two years following the initial sale of the last residential condominium unit, and (vi) the Port may require Developer to provide replacement parking spaces in the event Developer fails to commence or complete construction of the underground parking garage; and
- WHEREAS, In addition to receiving the Trust Parcel, the Port shall receive the following payments from the sale of the Trust Termination Parcel: (i) a lump sum payment of \$3 million, (ii) transfer fees (equaling 1.0% of the purchase price) in perpetuity from and after but not including the first sale (or lease with a term of thirty-five (35) years or longer) of each of the (a) residential condominiums, and (b) commercial condominiums (excluding the new fitness and health club), and (iii) an ongoing revenue stream of \$120,000 per year for 66-years, commencing upon completion of Public Improvements, adjusted every 5 years by the CPI with a minimum increase of 10% and a maximum of 20%; and

- WHEREAS, Developer will pay to Port or a City agency or its designee, an amount that will be used to fund affordable housing projects in the City, which amount will be determined by the number and type of residential units built in the Project as described in the Memorandum accompanying this Resolution and Port staff estimates that based on the number and type of residential units approved by the Planning Commission for the Project, the additional contribution Developer will make for affordable housing projects in the City is estimated to be around \$2.2 million, which may be adjusted upwards or downwards depending on the final number and type of units set forth in the Project's building permit; and
- WHEREAS, The Disposition and Development Agreement ("**DDA**") sets forth Developer's obligations to construct the Public Improvements, the conditions upon which the Port will deliver Lease No. L-15110 to Developer for the Trust Retail Parcel (the "**Lease**"), and public financing provisions for certain qualified costs of the Project; and
- WHEREAS, Material terms of the Lease include a 66-year term, permitted uses for visitor-serving commercial/recreation, including restaurant and recreational facilities (e.g. bicycle rental), construction period rent of \$60,000/annum, and percentage rent equal to 15% of gross revenues received by Developer from future retail operator(s); and
- WHEREAS, Upon issuance of a Certification of Completion for the Project, Port and Developer will enter into a Maintenance Agreement for the management, maintenance, repair, and operation by Developer of the Open Space Parcel requiring Developer, or its successor or assignee (which may be the homeowner's association for the condominium project), to be responsible for the management, maintenance, repair and operation of the Open Space Parcel at its sole expense; and
- WHEREAS, On March 22, 2012, the San Francisco Planning Commission by Motion No. 120272 found that the Project is consistent with the objectives and policies of the San Francisco General Plan, and the Priority Policies of Section 101.1; and
- WHEREAS, The Project Documents conform to all local laws and regulations and are not prohibited by the City's Charter; and
- WHEREAS, The Project is consistent with the Waterfront Plan uses and policies as described above; and
- WHEREAS, The Port and Developer are committed to improvements consistent with the Waterfront Plan and San Francisco General Plan policies intended to preserve the strong architectural and historic character of the Ferry Building Waterfront area; and

- WHEREAS, City and Port staff and consultants have conducted substantial economic analysis of the Project impacts and benefits on the Port and City; and
- WHEREAS, The Project will generate additional significant public benefits for the Port and the City, including: (i) the replacement of an underutilized Port seawall lot currently used for surface parking with a below grade parking structure that meets the needs of Port businesses and visitors; (ii) the creation of significant new jobs and economic development; and (iii) both a lump sum payment and an ongoing revenue stream for the Port to help the Port continue to promote Public Trust uses and purposes; and
- WHEREAS, On March 22, 2012, the Planning Commission held a duly-noticed public hearing to consider certification of the Final Environmental Impact Report for the 8 Washington Street/Seawall Lot 351 Project (Planning Dept. Case No. 2007.0030E) (the "**FEIR**"), and certified the FEIR and made findings ("**CEQA Findings**") as required by the California Environmental Quality Act ("**CEQA**") and certified the completion of the FEIR in compliance CEQA, the CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code; now therefore, be it
- RESOLVED That the Port Commission has reviewed and considered the information contained in the FEIR, the CEQA Findings, and the Project Documents and all other matters and actions approved by the Port Commission by this Resolution reflect the Project examined in the FEIR for which the Port Commission by Resolution No. 12-46 has adopted findings with respect to the FEIR as required by CEQA, including the Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program, which findings are on file with the Secretary of the Port Commission; and be it further
- RESOLVED, For reasons set forth herein, the Port Commission finds that the Project is consistent with the Public Trust and the Waterfront Plan; and be it further
- RESOLVED, For reasons set forth herein, the Port Commission finds that the Trust Termination Parcel (i) has been filled and reclaimed, (ii) is cut off from access to the waters of the Bay, (iii) is a very small portion of the Port's trust grant, and (iv) is no longer needed or required for the promotion of the Public Trust; and be it further
- RESOLVED, For reasons set forth herein, the Port Commission further finds that (i) the Trust Termination Parcel can be removed without causing substantial interference with Public Trust uses and purposes, (ii) the Trust Parcel is useful for the particular trust purposes authorized by the Burton Act, and (iii) the value of the land to be exchanged into the Public Trust equals or exceeds the value of the land to be exchanged out of the

Public Trust; and be it further

- RESOLVED, The Trust Exchange Agreement is in conformance with the Burton Act and Chapter 310, subject to approval by the State Lands Commission; and be it further
- RESOLVED, That the Port Commission approves the form and the substance of the Project Documents, including all attachments and exhibits thereto, and the transactions which such Project Documents contemplate, incorporating the material business terms set forth in the Memorandum accompanying this Resolution; and be it further
- RESOLVED, That the Port Commission hereby approves the Schematic Drawings of the proposed Project, a copy of which is on file with the Port Commission Secretary, and authorizes the Executive Director to approve non-material changes in the Schematic Drawings; and be it further
- RESOLVED, That it is in the City's and Port's best interest to convey the Trust Termination Parcel to Developer, that the public interest or necessity demands, or will not be inconvenienced by the sale of the Trust Termination Parcel directly to Developer pursuant to the PSA; and be it further
- RESOLVED, That with the exchange of the Trust Termination Parcel for the Trust Parcel, the sales price of the Trust Termination Parcel is at least 100% of the City's Director of Property's appraisal of the Trust Termination Parcel; and be it further
- RESOLVED, That the Port Commission authorizes and directs the Executive Director of the Port (the "**Executive Director**") to forward Lease No. L-15110, the PSA, and the Maintenance Agreement to the Board of Supervisors for approval pursuant to its authority under Charter Sections 9.118(b) and (c), and upon the effectiveness of such approval, to execute the DDA, and the PSA, and subject to the terms of the DDA and the PSA, as applicable, execute the Lease and Maintenance Agreement, in substantially the form of such agreements on file with the Port Commission Secretary, and in such final form as is approved by the Executive Director in consultation with the City Attorney; and be it further
- RESOLVED, That the Port Commission authorizes and directs the Executive Director to forward the Trust Exchange Agreement to (i) the Board of Supervisors for approval pursuant to its authority under Charter Section 9.118(c), and (ii) the State Lands Commission for approval pursuant to its authority under Chapter 310, and upon the effectiveness of such approval and subject to the terms of the DDA and the PSA, as applicable, execute the Trust Exchange Agreement in substantially the form of such agreement on file with the Port Commission Secretary, and in such final form as is

approved by the Executive Director in consultation with the City Attorney; and be it further

- RESOLVED, That the City's Director of Property and the Executive Director are hereby authorized and urged, in the name and on behalf of the City and the Port, to (i) accept the Trust Parcel from Developer, (ii) execute and deliver deeds conveying the Trust Termination Parcel and Trust Parcel to the State Lands Commission, (iii) accept the Trust Termination Parcel and the Trust Parcel from the State Lands Commission, and (iv) execute and deliver the deed to the Trust Termination Parcel to Developer, upon the closing in accordance with the terms and conditions of the Trust Exchange Agreement and the PSA, and to take any and all steps (including, but not limited to, the execution and delivery of any and all certificates, agreements, parking covenants, notices, consents, escrow instructions, closing documents and other instruments or documents) as they deem necessary or appropriate in order to consummate the conveyance of the Trust Termination Parcel to Developer and acceptance of the Trust Parcel from Developer pursuant to the PSA, or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Director of Property and/or Executive Director of any such documents; and be it further
- RESOLVED, That the Executive Director shall determine satisfaction of the conditions precedent under the PSA to the conveyance of the Trust Termination Parcel and the acceptance by the Port of the Trust Parcel, such determination to be conclusively evidenced by the execution and delivery by the Executive Director and/or the City's Director of Property of the applicable deeds; and be it further
- RESOLVED, That the Executive Director shall determine satisfaction of the conditions precedent under the DDA to the conveyance of the leasehold estate in the Trust Retail Parcel, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease; and be it further
- RESOLVED, That the Port Commission authorizes the Executive Director, and as to the PSA, Executive Director and/or the City's Director of Property, to enter into reciprocal easement agreements, easement agreements, and other covenants and property documents necessary to implement the transactions contemplated by the Project Documents, and to enter into any additions, amendments or other modifications to the Project Documents including preparation and attachment of, or changes to, any or all of the attachments and exhibits that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the City, do not materially decrease the benefits or otherwise materially increase the obligations or liabilities of the City or Port, and

are necessary or advisable to complete the transactions that the Project Documents contemplate and effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of such reciprocal easement agreements, easement agreements, and other covenants and property documents, additions, amendments or other modifications to the Project Documents; and be it further

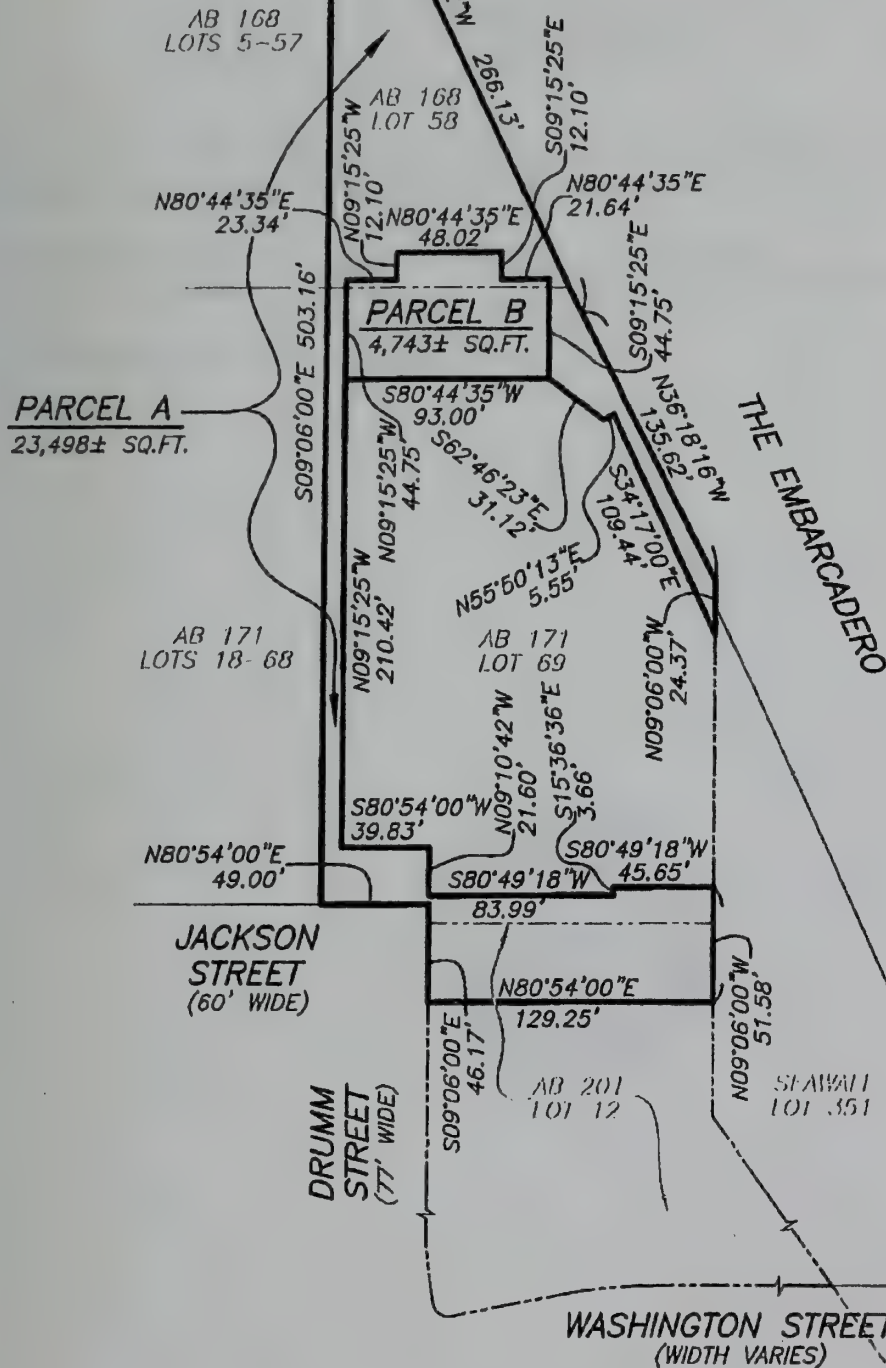
RESOLVED, That the Port Commission authorizes the Executive Director and any other appropriate officers, agents or employees of the City to take any and all steps (including if necessary, obtaining Board of Supervisors approval and the execution and delivery of any and all applications, recordings, maps, certificates, agreements, notices, consents, and other instruments or documents) as they or any of them deems necessary or appropriate, in consultation with the City Attorney, in order to consummate the (i) dedication of Jackson Commons as a public right-of-way for parks and open space use only, (ii) widening of the sidewalk along the west side of The Embarcadero, immediately south of Pacific Park and fronting a portion of the east side of the newly built fitness and health club; and (iii) all or partial dedication of Pacific Park as a public right-of-way for parks and open space use only; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director and any other appropriate officers, agents or employees of the City to take any and all steps (including the execution and delivery of any and all certificates, agreements, notices, consents, escrow instructions, closing documents and other instruments or documents) as they or any of them deems necessary or appropriate, in consultation with the City Attorney, in order to consummate the transactions contemplated under the Project Documents, in accordance with this resolution, or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by any such person or persons of any such documents; and be it further

RESOLVED, That the Port Commission approves, confirms and ratifies all prior actions taken by the officials, employees and agents of the Port Commission or the City with respect to the Project Documents.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 29, 2012.

Secretary



SUBJECT: **TRUST PARCEL**

SAN FRANCISCO,
CALIFORNIA

BY JP CHKD. BR DATE 3-2-12 SCALE 1"=80' SHEET 1 OF 1 JOB NO. S-7935

MARTIN M. RON ASSOCIATES, INC.
LAND SURVEYORS

859 HARRISON STREET
SAN FRANCISCO, CA. 94107
(415) 543-4500

ATTACHMENT C

LEGAL DESCRIPTION

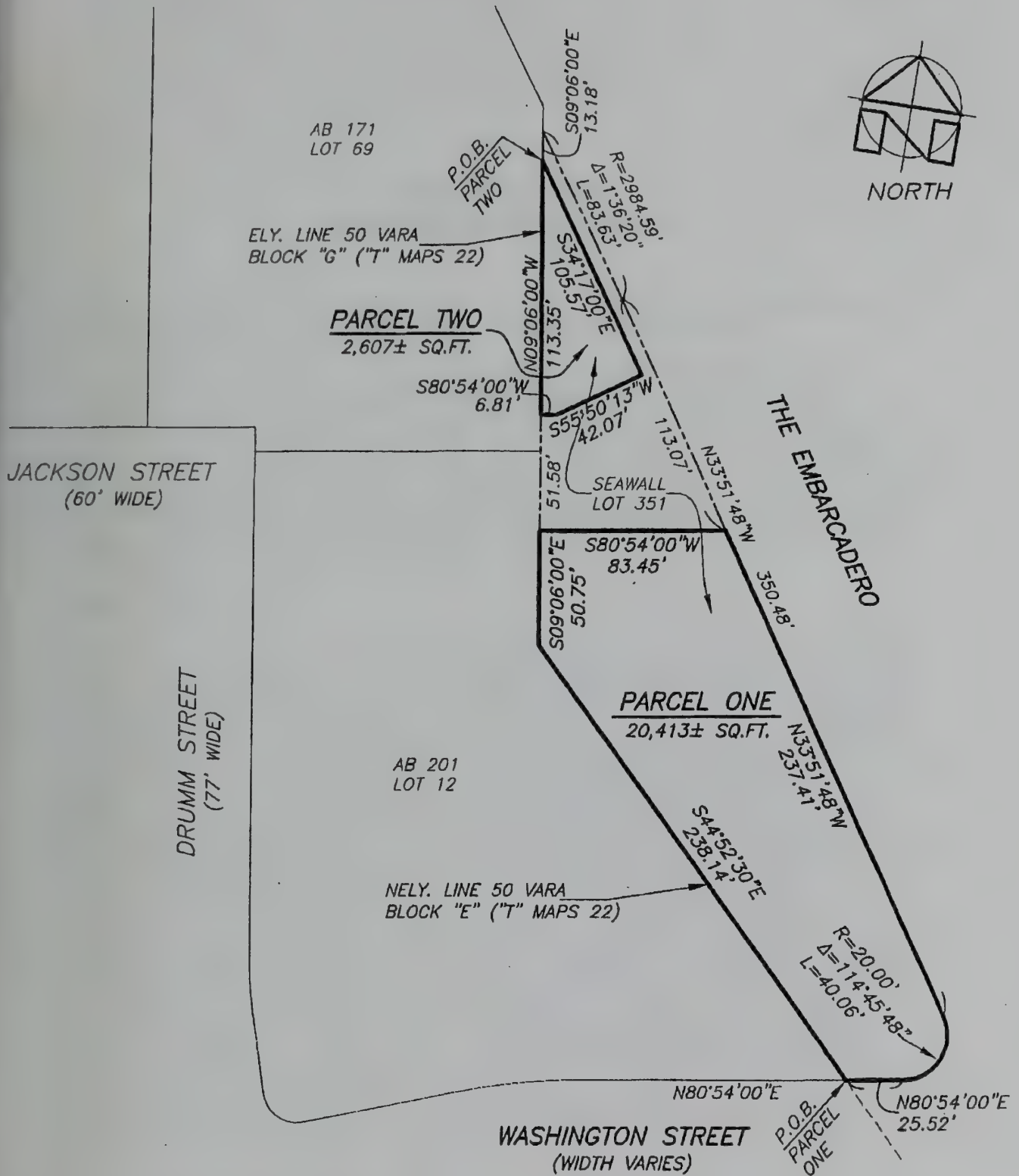
"TRUST PARCEL"

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCELS A AND B OF FINAL MAP _____, FILED _____, BOOK _____ OF MAPS, PAGES _____, SAN FRANCISCO COUNTY RECORDS.

CONTAINING 28,241± SQUARE FEET.





SUBJECT: **TRUST TERMINATION PARCEL**

SAN FRANCISCO,
CALIFORNIA

BY JP CHKD. BR DATE 3-2-12 SCALE 1"=60' SHEET 1 OF 1 JOB NO. S-7935

MARTIN M. RON ASSOCIATES, INC.
LAND SURVEYORS

859 HARRISON STREET
SAN FRANCISCO, CA. 94107
(415) 543-4500

LEGAL DESCRIPTION
"TRUST TERMINATION PARCEL"

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

A PORTION OF PARCEL "A" AS SAID PARCEL IS SHOWN ON THAT MAP ENTITLED "MAP OF LANDS TRANSFERRED IN TRUST TO THE CITY AND COUNTY OF SAN FRANCISCO," FILED IN BOOK "W" OF MAPS, PAGES 66 THROUGH 72, INCLUSIVE, OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AND AS PARCEL "A" IS FURTHER DESCRIBED IN THAT DOCUMENT RECORDED MAY 14, 1976 IN BOOK C169, PAGE 573, OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, DESCRIBED AS FOLLOWS:

PARCEL ONE

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHEASTERLY LINE OF 50 VARA BLOCK "E", AS SAID BLOCK IS SHOWN ON THAT CERTAIN MAP ENTITLED "RECORD OF SURVEY MAP OF THE GOLDEN GATEWAY," RECORDED SEPTEMBER 29, 1961, IN BOOK "T" OF MAPS AT PAGES 22-24, OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO WITH THE NORTHERLY LINE OF WASHINGTON STREET, AS WIDENED BY RESOLUTION NUMBER 859-77, DATED OCTOBER 31, 1977, SAID NORTHERLY LINE OF WASHINGTON STREET TAKEN TO BE $N85^{\circ}54'00''E$ FOR THE PURPOSE OF THIS DESCRIPTION; THENCE ALONG THE EASTERLY PROLONGATION OF SAID LINE OF WASHINGTON STREET $N80^{\circ}54'00''E$ 25.52 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 20 FEET; THENCE ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $114^{\circ}45'48''$, AN ARC LENGTH OF 40.06 FEET; THENCE TANGENT TO THE PRECEDING CURVE $N33^{\circ}51'48''W$ 237.41 FEET; THENCE $S80^{\circ}54'00''W$ 83.45 FEET TO THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF 50 VARA BLOCK "G", AS SAID BLOCK IS SHOWN ON SAID MAP; THENCE ALONG SAID SOUTHERLY PROLONGATION $S09^{\circ}06'00''E$ 50.75 FEET TO SAID NORTHEASTERLY LINE OF 50 VARA BLOCK "E"; THENCE ALONG SAID NORTHEASTERLY LINE $S44^{\circ}52'30''E$ 238.14 FEET TO THE POINT OF BEGINNING.

CONTAINING 20,413± SQUARE FEET.

LEGAL DESCRIPTION
"TRUST TERMINATION PARCEL"

PARCEL TWO

COMMENCING AT THE POINT OF INTERSECTION OF THE NORTHEASTERLY LINE OF 50 VARA BLOCK "E", AS SAID BLOCK IS SHOWN ON THAT CERTAIN MAP ENTITLED "RECORD OF SURVEY MAP OF THE GOLDEN GATEWAY," RECORDED SEPTEMBER 29, 1961, IN BOOK "T" OF MAPS AT PAGES 22-24, OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO WITH THE NORTHERLY LINE OF WASHINGTON STREET, AS WIDENED BY RESOLUTION NUMBER 859-77, DATED OCTOBER 31, 1977, SAID NORTHERLY LINE OF WASHINGTON STREET TAKEN TO BE N85°54'00"E FOR THE PURPOSE OF THIS DESCRIPTION; THENCE ALONG THE EASTERLY PROLONGATION OF SAID LINE OF WASHINGTON STREET N80°54'00"E 25.52 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 20 FEET; THENCE ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 114°45'48", AN ARC LENGTH OF 40.06 FEET; THENCE TANGENT TO THE PRECEDING CURVE N33°51'48"W 350.48 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 2,984.59 FEET; THENCE ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 1°36'20", AN ARC LENGTH OF 83.63 FEET TO THE EASTERLY LINE OF 50 VARA BLOCK "G", AS SAID BLOCK IS SHOWN ON SAID MAP; THENCE ALONG SAID EASTERLY LINE S09°06'00"E 13.18 FEET TO THE TRUE POINT OF BEGINNING; THENCE S34°17'00"E 105.57 FEET; THENCE S55°50'13"W 42.07 FEET; THENCE S80°54'00"W 6.81 FEET TO SAID EASTERLY LINE OF 50 VARA BLOCK "G"; THENCE ALONG SAID EASTERLY LINE N09°06'00"W 113.35 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 2,607± SQUARE FEET.



SWL 351/8 Washington Port Payment Cash Flow Summary

Year	Activity	Existing Rent	Construction Rent	Subsequent Transfer	Commercial Transfer	Other Payments	On-Going Land Payments	Park Café Lease	TOTAL
NPV		\$1,897,867	\$157,459	\$7,605,642	\$1,404,444	\$2,448,894	\$2,277,641	\$412,732	\$14,306,812
Total		\$17,680,685	\$180,000	\$60,893,652	\$8,685,598	\$3,000,000	\$22,781,676	\$4,780,586	\$100,321,612
1	Construction	\$82,066	\$60,000	\$-		\$-	\$-	\$-	\$60,000
2	Construction	\$84,528	\$60,000	\$-		\$-	\$-	\$-	\$60,000
3	Cando Closings	\$87,064	\$60,000	\$-		\$3,000,000	\$120,000	\$-	\$5,180,000
4	Operations	\$89,676		\$396,865	\$79,830	\$-	\$120,000	\$24,600	\$309,538
5	Operations	\$92,367		\$402,818	\$81,027		\$120,000	\$25,338	\$312,750
6	Operations	\$95,137		\$408,860	\$82,243		\$120,000	\$26,098	\$316,021
7	Operations	\$97,992		\$414,993	\$83,476		\$120,000	\$26,881	\$319,353
8	Operations	\$100,931		\$505,462	\$84,728		\$139,113	\$27,688	\$376,871
9	Operations	\$103,959		\$610,766	\$85,999		\$139,113	\$28,518	\$421,466
10	Operations	\$107,078		\$619,928	\$87,289		\$139,113	\$29,374	\$426,129
11	Operations	\$110,290		\$629,227	\$88,599		\$139,113	\$30,255	\$430,875
12	Operations	\$113,599		\$638,665	\$89,928		\$139,113	\$31,163	\$435,705
13	Operations	\$117,007		\$648,245	\$91,277		\$161,270	\$32,097	\$462,779
14	Operations	\$120,517		\$657,969	\$92,646		\$161,270	\$33,060	\$467,783
15	Operations	\$124,133		\$667,838	\$94,035		\$161,270	\$34,052	\$472,876
16	Operations	\$127,857		\$677,856	\$95,446		\$161,270	\$35,074	\$478,061
17	Operations	\$131,693		\$688,024	\$96,878		\$161,270	\$36,126	\$483,339
18	Operations	\$135,643		\$698,344	\$98,331		\$186,956	\$37,210	\$514,398
19	Operations	\$139,713		\$708,819	\$99,806		\$186,956	\$38,326	\$519,868
20	Operations	\$143,904		\$719,451	\$101,303		\$186,956	\$39,476	\$525,437
21	Operations	\$148,221		\$730,243	\$102,822		\$186,956	\$40,660	\$531,106
22	Operations	\$152,668		\$741,197	\$104,365		\$186,956	\$41,880	\$536,878
23	Operations	\$157,248		\$752,315	\$105,930		\$216,733	\$43,136	\$572,532
24	Operations	\$161,965		\$763,599	\$107,519		\$216,733	\$44,430	\$578,516
25	Operations	\$166,824		\$775,053	\$109,132		\$216,733	\$45,763	\$584,610
26	Operations	\$171,829		\$786,679	\$110,769		\$216,733	\$47,136	\$590,814
27	Operations	\$176,984		\$798,479	\$112,430		\$216,733	\$48,550	\$597,132
28	Operations	\$182,293		\$810,457	\$114,117		\$251,253	\$50,007	\$638,087
29	Operations	\$187,762		\$822,613	\$115,829		\$251,253	\$51,507	\$644,639
30	Operations	\$193,395		\$834,953	\$117,566		\$251,253	\$53,052	\$651,313
31	Operations	\$199,197		\$847,477	\$119,330		\$251,253	\$54,644	\$658,109

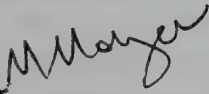
32 Operations	\$205,173	\$	860,189	\$	121,119	\$	251,253	\$	56,283	\$	665,032
33 Operations	\$211,328	\$	873,092	\$	122,936	\$	291,271	\$	57,972	\$	712,101
34 Operations	\$217,668	\$	886,188	\$	124,780	\$	291,271	\$	59,711	\$	719,283
35 Operations	\$224,198	\$	899,481	\$	126,652	\$	291,271	\$	61,502	\$	726,599
36 Operations	\$230,924	\$	912,973	\$	128,552	\$	291,271	\$	63,347	\$	734,051
37 Operations	\$237,851	\$	926,668	\$	130,480	\$	291,271	\$	65,247	\$	741,643
38 Operations	\$244,987	\$	940,568	\$	132,437	\$	337,663	\$	67,205	\$	795,769
39 Operations	\$252,337	\$	954,677	\$	134,424	\$	337,663	\$	69,221	\$	803,649
40 Operations	\$259,907	\$	968,997	\$	136,440	\$	337,663	\$	71,298	\$	811,677
41 Operations	\$267,704	\$	983,532	\$	138,487	\$	337,663	\$	73,437	\$	819,857
42 Operations	\$275,735	\$	998,285	\$	140,564	\$	337,663	\$	75,640	\$	828,191
43 Operations	\$284,007	\$	1,013,259	\$	142,673	\$	391,445	\$	77,909	\$	890,465
44 Operations	\$292,527	\$	1,028,458	\$	144,813	\$	391,445	\$	80,246	\$	899,119
45 Operations	\$301,303	\$	1,043,885	\$	146,985	\$	391,445	\$	82,654	\$	907,938
46 Operations	\$310,342	\$	1,059,543	\$	149,190	\$	391,445	\$	85,133	\$	916,925
47 Operations	\$319,652	\$	1,075,436	\$	151,427	\$	391,445	\$	87,687	\$	926,084
48 Operations	\$329,242	\$	1,091,568	\$	153,699	\$	453,792	\$	90,318	\$	997,766
49 Operations	\$339,119	\$	1,107,941	\$	156,004	\$	453,792	\$	93,027	\$	1,007,280
50 Operations	\$349,293	\$	1,124,560	\$	158,344	\$	453,792	\$	95,818	\$	1,016,978
51 Operations	\$359,772	\$	1,141,429	\$	160,720	\$	453,792	\$	98,693	\$	1,026,863
52 Operations	\$370,565	\$	1,158,550	\$	163,130	\$	453,792	\$	101,653	\$	1,036,939
53 Operations	\$381,682	\$	1,175,928	\$	165,577	\$	526,069	\$	104,703	\$	1,119,489
54 Operations	\$393,132	\$	1,193,567	\$	168,061	\$	526,069	\$	107,844	\$	1,129,961
55 Operations	\$404,926	\$	1,211,471	\$	170,582	\$	526,069	\$	111,079	\$	1,140,637
56 Operations	\$417,074	\$	1,229,643	\$	173,141	\$	526,069	\$	114,412	\$	1,151,521
57 Operations	\$429,586	\$	1,248,087	\$	175,738	\$	526,069	\$	117,844	\$	1,162,619
58 Operations	\$442,474	\$	1,266,809	\$	178,374	\$	609,858	\$	121,379	\$	1,257,724
59 Operations	\$455,748	\$	1,285,811	\$	181,049	\$	609,858	\$	125,021	\$	1,269,263
60 Operations	\$469,420	\$	1,305,098	\$	183,765	\$	609,858	\$	128,771	\$	1,281,029
61 Operations	\$483,503	\$	1,324,674	\$	186,522	\$	609,858	\$	132,635	\$	1,293,029
62 Operations	\$498,008	\$	1,344,545	\$	189,319	\$	609,858	\$	136,614	\$	1,305,266
63 Operations	\$512,948	\$	1,364,713	\$	192,159	\$	706,992	\$	140,712	\$	1,414,880
64 Operations	\$528,337	\$	1,385,183	\$	195,042	\$	706,992	\$	144,933	\$	1,427,609
65 Operations	\$544,187	\$	1,405,961	\$	197,967	\$	706,992	\$	149,281	\$	1,440,593
66 Operations	\$560,512	\$	1,427,051	\$	200,937	\$	706,992	\$	153,760	\$	1,453,836
67 Operations	\$577,328	\$	1,448,456	\$	203,951	\$	706,992	\$	158,373	\$	1,467,345
68 Operations	\$594,648	\$	1,470,183	\$	207,010	\$	819,598	\$	163,124	\$	1,593,731
Total	\$ 17,680,685	\$ 180,000	\$ 60,893,652	\$ 8,685,698	\$ 3,000,000	\$ 22,781,676	\$ 4,780,586	\$ 100,321,612			



MEMORANDUM

May 24, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Request approval to appoint the Office of Economic and Workforce Development as lead negotiator on behalf of the City and Port in all negotiations with respect to the proposed Golden State Warriors Arena Project at Piers 30-32, Pier 70 Projects and Mission Rock Project at Seawall Lot 337 and Pier 48

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

The Port of San Francisco has been working for several years to plan for and develop key properties within its Central Waterfront area. Such proposed development projects include:

- Seawall Lot 337 and Pier 48 development project (also known as "Mission Rock") with Seawall Lot 337 Associates, LLC which consists of approximately 16 acres, bounded generally by China Basin, the San Francisco Bay, Mission Rock Street and Third Street;
- Pier 70 Waterfront development project with Forest City Development California, Inc. which consists of 25 acres in the southeast corner of Pier 70 bounded generally by Illinois and 22nd Streets and the San Francisco Bay; and
- Pier 70 20th Street Historic Buildings development project with Orton Development, Inc. which consists of a cluster of several historic buildings in need of substantial rehabilitation along the 20th Street corridor of Pier 70, east of Illinois Street and that are eligible for listing on the National Register of Historic Places.

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Additionally, on May 22, 2012, Mayor Edwin M. Lee and the Golden State Warriors announced a proposal to build a new sports and entertainment arena at Piers 30-32 in time for the 2017 basketball season.

Together, these four proposed development projects comprise a significant opportunity for the Port and the City to adaptively reuse and/or rehabilitate pier structures and land that have been underutilized or abandoned for multiple decades. Each of these proposed development projects requires a level of coordination and cooperation between the Port, the Office of Economic and Workforce Development (OEWD), the San Francisco Planning Department, the San Francisco Municipal Transportation Agency, the San Francisco Public Utilities Commission, the Department of Public Works, the Department of Building Inspection and other City departments. Within the City government structure, the OEWD is the agency that traditionally takes the lead role in negotiations for the City on large, mixed use development projects, including waterfront development projects that require the coordination and cooperation of numerous City departments. Examples of such projects include the negotiations with the San Francisco Giants for a new ballpark, now AT&T Park, Mission Bay, the Hunters Point Shipyard/Candlestick Point project, the Treasure Island project and the 34th America's Cup project.

The OEWD has proposed, and Port staff agree, that the OEWD serve as the lead negotiator in coordination with Port staff for these four proposed development projects: Mission Rock Project, Pier 70 Waterfront Project, Pier 70 Historic Buildings Project and Golden State Warriors Arena Project. As with the 34th America's Cup negotiations, OEWD shall conduct such negotiations in close consultation with Port staff and subject to the direction of the Port Commission. Port staff will work with OEWD to provide services as are needed to assist with environmental review of such projects, compliance with public trust policy and regulations of the State Lands Commission, Port Commission policies and the policies and regulations of the San Francisco Bay Conservation and Development Commission.

Staff Recommendation

Port staff recommend that the Port Commission adopt the attached resolution authorizing the OEWD to serve as the lead negotiator in coordination with Port staff and subject to the direction of the Port Commission in all negotiations with respect to the proposed Mission Rock Project, Pier 70 Waterfront Project, Pier 70 Historic Buildings Project and Golden State Warriors Arena Project.

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 12-48

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction, and under the Burton Act (stats. 1968, ch. 1333) and the Agreement Relating to Transfer of the Port of San Francisco from the State of California to the City and County of San Francisco, the Port Commission is the trustee of the waterfront property that the State conveyed to the City; and
- WHEREAS, After the on-going build-out of Mission Bay, and the successful negotiation and approval of major development projects at the Hunter's Point Shipyard/Candlestick Point and Treasure Island, Port property is the next major focus of the City's effort to adaptively reuse lands and rehabilitate piers that were previously used for military bases or maritime industrial purposes that are either no longer viable or are underutilized; and
- WHEREAS, The Port owns approximately 13 acres at Piers 30-32 located on the east side of The Embarcadero at Bryant Street, which is currently used for lay-berthing of visiting vessels and occasional cruise terminal berthing when the Pier 27 and Pier 35 cruise terminal berths are occupied, and approximately 2.3 acres at Seawall Lot 330 located on the west side of The Embarcadero between Beale and Bryant Streets, which is currently used for short-term parking; and
- WHEREAS, On May 22, 2012, Mayor Ed Lee and the Golden State Warriors expressed interest in evaluating the development of Piers 30-32 as a basketball and special event arena with public open space consistent with the San Francisco Bay Conservation and Development Commission's ("BCDC") Special Area Plan for the San Francisco Waterfront, visitor-serving retail and maritime access to the piers, together with related improvements on Seawall Lot 330 (the "Warriors Arena Project"), subject to approval of a sole source negotiation authorization by the Port Commission and the San Francisco Board of Supervisors; and
- WHEREAS, The Port owns an approximately 69-acre site, located on San Francisco's Central Waterfront, between 18th and 22nd Streets and east of Illinois Street, known as Pier 70; and
- WHEREAS, On May 11, 2010, by Resolution 10-27, the Port Commission endorsed the vision, goals, objectives, and design criteria of the Pier 70 Master Plan, which identifies about 3 million square feet of capacity for new

buildings and about 700,000 square feet of potential adaptive reuse capacity, and a system of infrastructure, roadways, shoreline parks, plazas and open space, while retaining about 17 acres for ship repair use (the "Pier 70 Projects"); and

- WHEREAS, On April 12, 2011, by Resolution 11-21, the Port Commission awarded to Forest City Development California, Inc. the development opportunity for the Pier 70 Projects consisting of twenty five acres in the southeast corner of Pier 70 (the "Pier 70 Waterfront Site") and directed Port staff to negotiate an exclusive negotiations agreement (an "ENA") for lease and development of the Pier 70 Waterfront Site, which presents an opportunity for new development to generate rent and tax revenues to support the Master Plan's goals; and
- WHEREAS, On July 12, 2011, by Resolution 11-49, the Port Commission authorized the Executive Director or her designee to execute an ENA between the Port and Forest City Development California, Inc. for the Pier 70 Waterfront Site; and
- WHEREAS, On February 28, 2012, by Resolution 12-18, the Port Commission awarded to Orton Development Inc. the right to negotiate the terms of an ENA for another Pier 70 Project consisting of the lease disposition and development of a cluster of several historic buildings in need of substantial rehabilitation along the 20th Street corridor of Pier 70 that are eligible for listing on the National Register of Historic Places; and
- WHEREAS, On April 24, 2012, by Resolution 12-36, the Port Commission authorized the Executive Director or her designee to execute an ENA between the Port and Orton Development Inc. for the rehabilitation of the 20th Street Historic Buildings; and
- WHEREAS, The Port owns approximately 16 acres at Seawall Lot 337 ("SWL 337") and Pier 48, bounded generally by China Basin, the San Francisco Bay, Mission Rock Street and Third Street, including China Basin Park and a portion of the existing Terry Francois, Jr. Blvd., which together provide short-term parking, special events and ingress and egress serving visitors to the waterfront; and
- WHEREAS, The Port Commission awarded to Seawall Lot 337 Associates, LLC the opportunity to negotiate for the disposition and development of SWL 337 and Pier 48 as a mixed-use development project (the "Mission Rock Project"), and authorized Port staff to proceed with exclusive negotiations with Seawall Lot 337 Associates, LLC for a complete master plan proposal for the site, and directed staff to negotiate an ENA as set forth in Resolution Nos. 08-25, 08-26 and 09-26; and

- WHEREAS, On May 25, 2010, by Resolution 10-32, the Port Commission authorized the Executive Director or her designee to execute an ENA between the Port and Seawall Lot 337 Associates, LLC for the proposed Mission Rock Project; and
- WHEREAS, Each of the proposed Warriors Arena Project, Pier 70 Projects and Mission Rock Project requires a level of coordination and cooperation between the Office of Economic and Workforce Development ("OEWD"), the Port, the San Francisco Planning Department, the San Francisco Municipal Transportation Agency, the San Francisco Public Utilities Commission, the Department of Public Works, the Department of Building Inspection, and other City departments; and
- WHEREAS, OEWD has taken the lead role in negotiations for the City on past large, development projects including mixed-use waterfront development projects that require the coordination and cooperation of numerous City departments, including the Giants ballpark, Mission Bay, Hunters Point Shipyard/Candlestick Point, Treasure Island and 34th America's Cup projects, and therefore is best situated to coordinate such inter-departmental cooperation and to lead development negotiations for the above-referenced Port projects in consultation with Port staff and subject to the direction of the Port Commission; and
- WHEREAS, The Port of San Francisco has a unique understanding of the regulatory framework that governs Port property, including public trust law and State Lands Commission policy and BCDC law and policy, and understands how to negotiate public-private partnership agreements in a manner that is consistent with this regulatory framework and the Port's financial needs; now, therefore, be it
- RESOLVED, That OEWD shall serve as the lead negotiator in coordination with Port staff and subject to the direction of the Port Commission in all negotiations with respect to the proposed Warriors Arena Project, Pier 70 Projects and Mission Rock Project, including negotiations between the Port and the Golden State Warriors (or its designee), Forest City Development California, Inc., Orton Development, Inc. and Seawall Lot 337 Associates, LLC, respectively; and be it further
- RESOLVED, OEWD shall conduct such negotiations in close consultation with Port staff and subject to the direction of the Port Commission and shall provide the Port Commission and the Port Executive Director with updates on the status of the negotiations; and be it further
- RESOLVED, That the Port Executive Director shall work with OEWD to provide such services as are needed to carry out such negotiations with the assistance of Port staff subject to the requirements of the public trust, BCDC law and policy, and Port Commission policies; and be it further

RESOLVED, That any proposed term sheets or similar non-binding agreements for the Warriors Arena Project, Pier 70 Projects or Mission Rock Project shall be subject to the prior review and endorsement by this Port Commission and all proposed final agreements such as disposition and development agreements and leases for such projects shall be subject to the prior review and approval, following required environmental review under CEQA, of this Port Commission and, when required, the Board of Supervisors and Mayor, each acting in their sole discretion, consistent with existing policies and requirements; and be it further

RESOLVED, That the City will conduct environmental review of each of the proposed Golden State Warriors Arena Project, Pier 70 Projects and Mission Rock Project when and as required under CEQA and nothing in this resolution implements any approvals or facilities for any project, or grants any entitlements, nor does adoption of this resolution foreclose the possibility of considering alternatives to a project, adopting mitigation measures or deciding not to approve a project after conducting appropriate environmental review under CEQA.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 29, 2012.

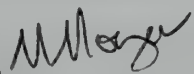
Secretary



MEMORANDUM

May 24, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Informational presentation on the Pier 70 – Crane Cove Park Planning and Design

DIRECTOR'S RECOMMENDATION: Informational Only - No Action Required

OVERVIEW

The proposed Pier 70 Crane Cove Park Project (the "Project") is located on an approximately seven acre site generally east of Illinois Street between Mariposa and 19th Streets along the Bay shoreline (see *Attachment A, Project Location and Setting*). The concept of creating a Crane Cove Park is a public open space objective that is cited in the Pier 70 Preferred Master Plan, the Blue Greenway Planning and Design Guidelines, and the City's Eastern Neighborhoods and Central Waterfront Plans.

On June 14, 2011, the Port Commission approved the authorization (Resolution No. 11-44) to award Planning and Design Services for the Project to a consultant team lead by AECOM with sub consultants including: Architectural Resource Group, AGS Engineers, Ajmani & Pamidi Engineers and Martin Lee Corporation Cost Estimators. The funding for the Planning and Design of the park improvements is from proceeds of the 2008 Clean and Safe Neighborhood Parks General Obligation Bond Measure.

SCOPE OF WORK AND SCHEDULE

The AECOM team scope of services for the Project picks up from the direction provided by the Port and City plans for Pier 70, Central Waterfront, and Blue Greenway and includes two phases of work:

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- Phase I - To prepare a Crane Cove Park Master Plan, including cost estimates and a phasing plan for improvements, scheduled for completion in Fall 2012.
- Phase II - To develop schematic plans for the initial phase of construction improvements, paid by funding from the 2008 Proposition A Clean and Safe Parks General Obligation Bond. Phase II is targeted for completion in Summer 2013.

This report to the Port Commission is the first in a series of reports scheduled throughout the planning and design process. The project phases and schedule are illustrated in *Attachment B, Planning and Design Schedule*. The phasing plan is an important component because the current available funding is insufficient to improve the entire park site at one time. Phase 1 tasks include: a) analyzing existing conditions and identifying opportunities and constraints; b) developing preliminary concept plans and cost estimates; c) finalizing a park master plan and refining the cost estimates; and e) developing a phasing plan. This staff report summarizes Phase I, tasks a and b.

EXISTING CONDITIONS AND OPPORTUNITIES AND CONSTRAINTS

The physical setting and locational relationships of Crane Cove Park with Pier 70 and the surrounding neighborhoods are complex. The task of producing the Crane Cove Park Existing Conditions and Opportunities and Constraints analysis includes understanding: the neighborhood, City and regional context; natural and cultural resources; geologic and structural conditions; subsurface contamination and shoreline edges; and previous planning work conducted. The report provides key guidance for park planning design concepts.

The AECOM team developed and presented their site analysis work to Port staff and at the Central Waterfront Advisory Group meeting on March 21, 2012. The presentation is posted on the Port's Crane Cove Park web site at www.sfport.com/cranecovepark. The analysis was thorough and the response to the analysis presented was positive.

The analysis included in depth research on each of the categories listed above. The most significant issues driving the development of the concepts include: 1) the historic resources, their interpretation and structural conditions; 2) site access and views from land and water to and thru the site; 3) site contamination and geologic conditions; 4) the shoreline edge and site adaptability to sea level rise; 5) the programming of the park uses; 6) the compatibility of the park use to the ship repair operations and the future adjacent development parcels; and 7) the site boundary and planning area boundary. This analysis is summarized in *Attachment C, Opportunities and Constraints*.

In developing the Existing Conditions and Opportunities and Constrains analysis in the context of the larger Pier 70 area and adjacent areas including the Mission Bay project and Blue Greenway, an opportunity identified to consider for analysis is the potential to move the boat repair operations currently operated by SF Boat Works, located on Terry Francois Boulevard just north of Mariposa Street to an area within Crane Cove Park adjacent to the Pier 70 ship repair facility in former Slipways 1 and 2. This concept is illustrated in *Attachment D, Site Boundary Study: Alternative 2*. Port staff reviewed this concept with the current tenant and operators of the boat repair yard, SF Boat Works

and BAE Systems, the Port's ship repair operator, and each supported investigating the opportunity. The benefits to this concept include: a) providing a buffer use between the park and the heavy industrial operations of the ship repair yard, a water-dependent maritime use with one that is more compatible with public recreational activities; b) the ability to relocate a development parcel that exists south of 18th street on Illinois Street to an area just north of the Knease Boat building, which would improve access and visibility to the park from Illinois Street; c) improving safety and access to the Ramp Restaurant; d) improving the pedestrian connection from Crane Cove Park to the Mission Bay, Bayfront Parks; and e) eliminating a barrier and opening up more public access to the Bay's edge.

As a component of the Opportunities and Constraints report, AECOM developed "Project Aspirations" (see *Attachment E, Project Aspirations*). The Project Aspirations are a tool that allow designers and stakeholders to begin to define project goals, by expressing desirable outcomes or qualities sought in the creation of Crane Cove Park. While individual aspiration statements may compete or conflict with others, they give direction on how to approach development of park design concepts. Eventually the Project Aspirations are refined into formal project goals and criteria, which are refined to further define locations and priorities for park features and activities.

ALTERNATIVE CONCEPT PLANS

Based upon the Existing Conditions and Opportunities and Constraints analysis, the AECOM team working with Port staff developed two Alternative Concept plans which will undergo public review and comment. They describe two distinct design approaches, that each seek to respond to the Project Aspirations. The two Alternative Concepts will allow stakeholders to "pick and choose" specific approaches, design features or ideas to incorporate into the Crane Cove Park Master Plan. Thus, the design process allows for a "hybrid" mix of elements that combine the best aspects of each Alternative Concept into the Master Plan.

One of the significant challenges of the site is to transform an area that was created for a single purpose industrial use (ship building) with restricted access and develop a plan for a public park that is anticipated to support many different recreational needs, and environmental improvements. With this in mind, the AECOM team has developed two Alternative Concepts that would transform the site for its new purpose, while respecting and interpreting the natural and cultural history and responding to the site setting. Ultimately the design of Crane Cove Park should be able to accommodate and celebrate the multiple site characteristics and layers of history that define this unique place within the Pier 70 district.

Each Concept Alternative has several elements in common including: a) retention and adaptive reuse of the contributing resources consistent with Secretary of Interior Standards (Secretary Standards), as identified in the Pier 70 Preferred Master Plan; b) interpretation of the site's history; c) shoreline clean up and protection; d) facilities to support human powered boat access; e) an extension of 19th Street; f) a circulation system consistent with the Blue Greenway, including bicycle access and connections to other Pier 70 areas; g) vehicle parking; g) appropriate approaches to handle subsurface

contamination consistent with the draft Pier 70 environmental Feasibility Study and Remedial Action Plan (FSRAP); h) a variety of program uses; and i) recognition of new development sites directly adjacent to the park within the Pier 70 area.

Alternative 1, "Lines and Traces" (see: Attachment F), takes an approach to keep the historic resources that remain (which are primarily from the World War II era) intact and use them as a framework for programming and interpretation of the site. This Alternative centers on matching the proposed open space program with the preservation of the existing historic resources, including the main contributing elements as well as the "traces" of all other artifacts and remnant objects. Additionally, historic maps representing all the different historic eras were overlaid and its historic "lines" were mapped. The proposed plan is thus a result of this composite of historic lines and existing traces.

The park boundary remains the same as identified in the Pier 70 Preferred Master Plan. Access from the land would be from Illinois Street at Mariposa Street and a new 19th Street, from the waterside it would be through a water landing created within slipway #4. The new 19th street would be an elevated structure emphasizing views and lines of slipway #4 and improving expanded connectivity from the future development parcels to the south. Sea level rise is addressed by maintaining the existing site elevation that would allow portions of the site to be inundated during peak storm events.

Alternative 2, "Patches and Uses" (see: Attachment G), has many similarities to Alternative 1, but alters some of the historic resources and allows interpretation of the evolution of the site and its many eras, as opposed to primarily the last period of its active use (World War II) as illustrated in Alternative 1. The methodology utilized to create a design framework consisted of mapping all the spaces and corresponding uses/activities that overtime existed on the site. The emphasis in this option is not on mapping the historic artifacts, but instead the historic uses that took place in the spaces "in between". The framework calls those spaces "patches". The purpose of mapping these historic "patches" is to provide opportunities to "re-trace" the history of the site's usage, and to translate them into new park uses and programs, hence connecting the history of the site with its new incarnation as a park. Alterations to the historic resources would meet Secretary Standards.

Alternative 2 includes moving of the boat repair operations operated by SF Boat Works to former Slipways 1 & 2, adjacent to the Pier 70 ship repair facility. Access to the site would be accommodated at an expanded entrance on Terry Francois Boulevard at Mariposa Street and along Illinois Street between 18th and 19th Streets. 19th street would be created by filling the site around the street alignment rather than through a pile supported structure. Water access would be accommodated through a soft shoreline edge able to accommodate human powered boats. Sea level rise would be addressed by raising portions of the site with new fill.

Moving the boat repair yard would require improvements, including new docks, lifts, site paving and utilities and other required ancillary facilities. Access would be from a new

19th Street and the eastern portion of building 109 may be used to support its new operations.

Cost estimates for each of these Alternative Concepts, including the moving of the boat repair yard as depicted in Alternative Concept 2 is currently underway. This will provide additional information for the Port Commission and stakeholders to consider in their evaluation of the Alternative Concepts. These cost estimates will be presented in the community workshop and at a future Port Commission meeting.

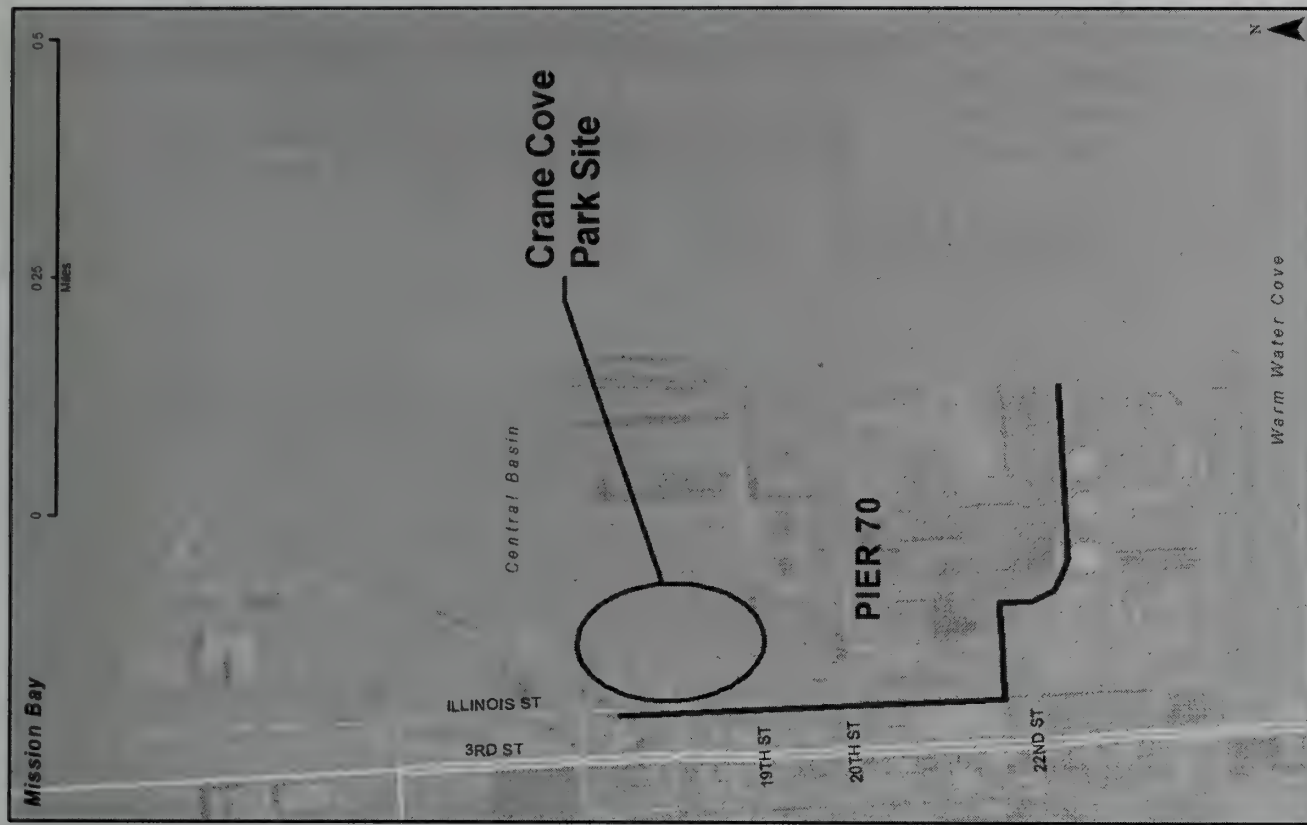
NEXT STEPS

The Alternative Concepts will be presented for community review at a Crane Cove Park workshop scheduled for June 20, 2012 at the Port's offices at Pier 1 at 5:30 p.m. Additional outreach will occur through coordination with the Central Waterfront Advisory Group, the San Francisco Parks Alliance and other neighborhood and stakeholder groups including the Port's Pier 70 development partners and adjacent tenants. Staff will return to the Port Commission to report on the comments received through the public review process. The Alternative Concepts will then be refined into a draft Park Master Plan with a revised cost estimate, and will then be reviewed by the Port Commission, San Francisco Bay Conservation and Development Commission and the public and stakeholders. The current schedule anticipates Phase I of the planning and design process being completed in the fall and completion of Phase II in the summer of 2013.

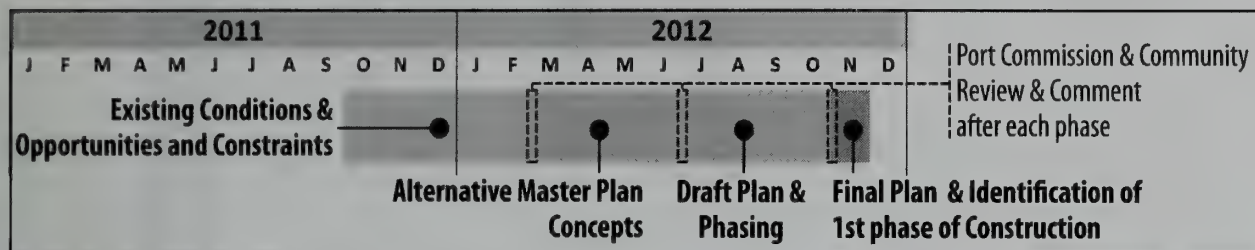
Prepared by: David Beaupre, Project Planning Manager
Steven Reel, Project Engineer/Manager

Prepared for: Byron Rhett, Deputy Director
Planning and Development

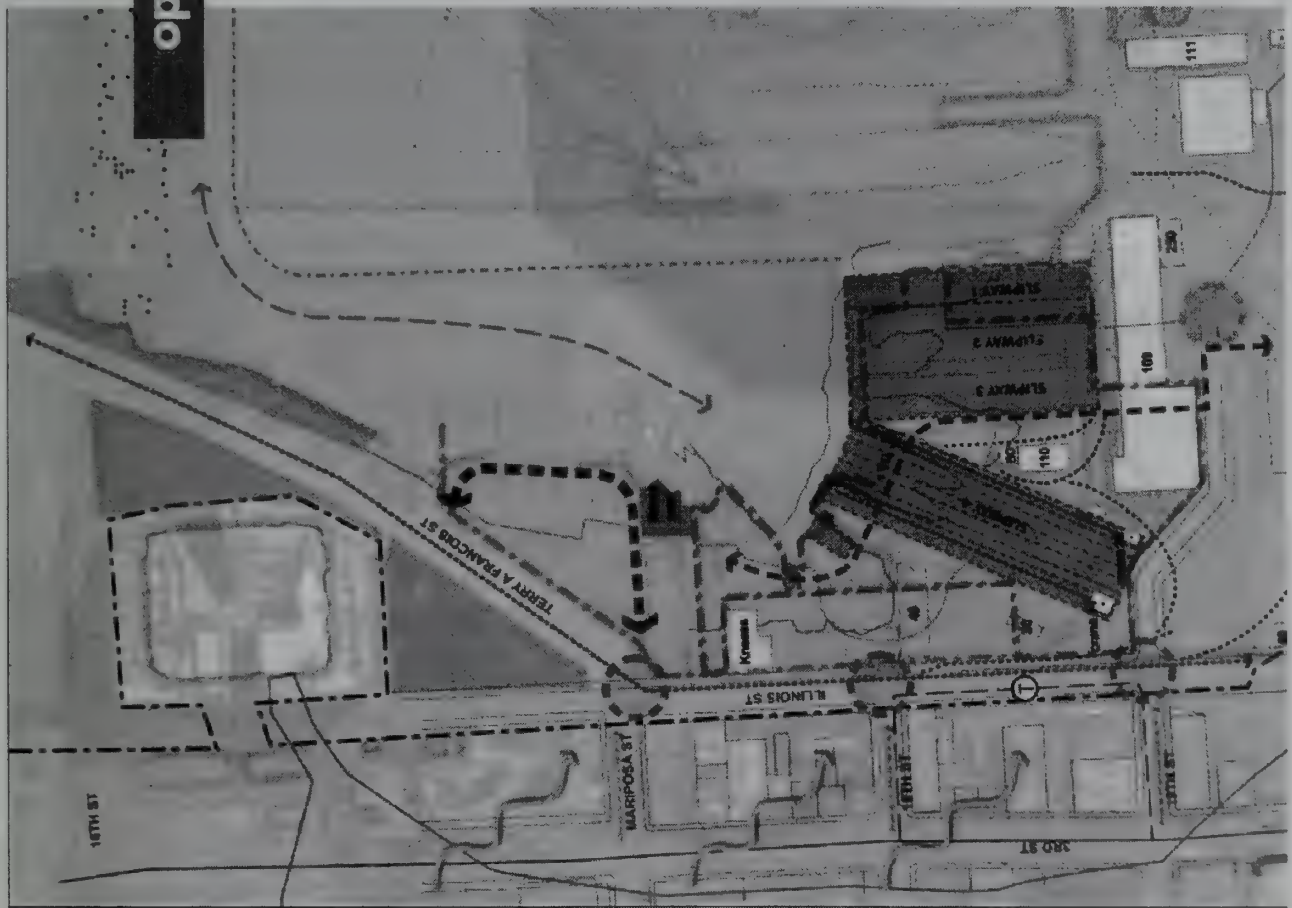
Attachment A, Crane Cove Park Site Setting



ATTACHMENT B: Planning and Design Schedule



opportunities + constraints

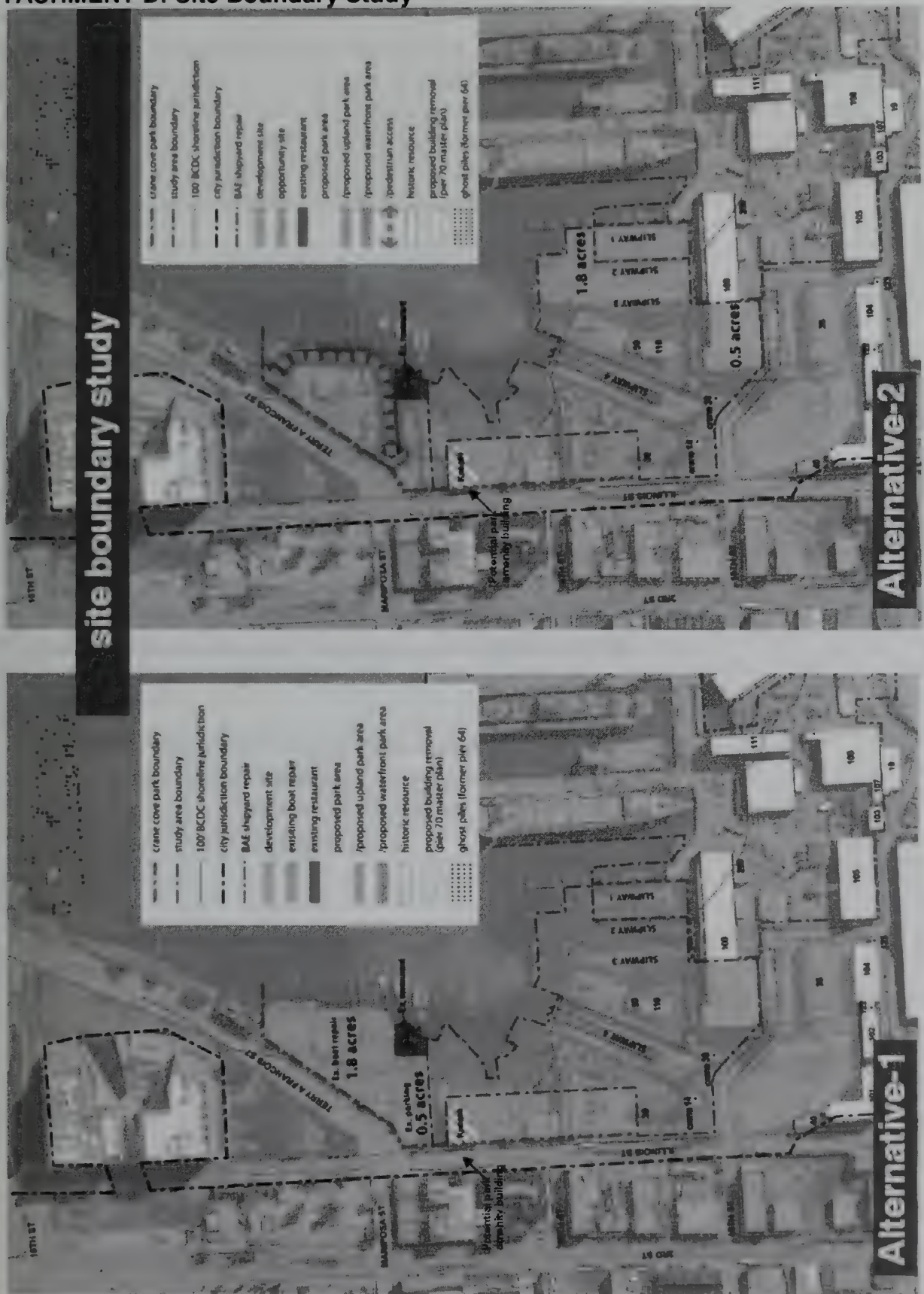


crane cove park boundary	predominant wind direction
study area boundary	wind along street
port jurisdiction boundary	NAVD88 -11.2' (city datum)
100' B.C.D.C. shoreline jurisdiction	0.0' (NAVD88)
historic shoreline	year 2050 -0.7' (city datum)
historic resource	10.6' (NAVD88)
proposed building removal (pier 70 master plan)	ghost piles (former pier 64)
adjacent open space	visible railroad tracks
shipyard repair zone	covered railroad tracks
shipyard safety zone (moves with vessel)	
infill development sites (pier 70 master plan)	
restaurant site (the ramp)	
existing light rail	
proposed light rail	
proposed T-line station	
existing Blue Greenway	
proposed Blue Greenway	
pedestrian access	
proposed bay water trail	
potential human powered boat launches	
potential crane cove park gateway /access	
future shipyard truck access	
shipyard vessel navigation zone	
concrete slab on piles	
fill on timber piles	
fill	

notes

1. contour lines in legend were developed using site photo and best engineering judgement of potential contours between topographic and bathymetric data
2. tidal levels found using NOAA PROGRAM VDATUM at a latitude 37° 26' W
3. sea level rise estimates taken from URS report URS sea level rise and adaptation study coastal inundation report, June 15, 2011. study assumes 2050 SLR of 15" and 2100 SLR of 55"

ATTACHMENT D: Site Boundary Study



ATTACHMENT E: Crane Cove Park Project Aspirations

The aspirations below are mainly based on the summary of relevant vision statements and guidelines of previous planning efforts. The aspirations provide an initial foundation to frame site analysis and to highlight the project's design potential. As the project develops and design ideas are tested and evaluated, it is anticipated that the aspirations will also evolve and ultimately become a project goals and a series of specific design objectives.

The Project Aspirations are categorized into 8 categories and are:

1. Historic Preservation
 - A. Design a park that **integrates with the historic elements** of the site
 - B. **Celebrate the site's heritage** by incorporating its multiple histories into the park elements and current activities
 - C. Prepare a strong **interpretive program**
2. Program + Activities
 - A. Provide a **diversity of activities** on land and in water to attract local and regional visitors
 - B. Prepare a **robust educational, cultural and recreational program** of events that focuses on the site's heritage and unique character
3. Access
 - A. Prioritize full **pedestrian and bike access**
 - B. Provide **best water access** for human-powered crafts
 - C. Provide **managed access for vehicles**, including emergency, surveillance, and maintenance vehicles within park
4. Views
 - A. **Maintain/enhance views** towards the bay, both at the park level and from the adjacent communities
 - B. Capitalize on the crane's potential to function as **visual icons** both from land and water
 - C. Integrate the "theatre" of **shipyard operations** into the visual amenities of the park
5. Integration with New Development
 - A. Design park to allow for the development potential of adjacent parcels with the objective of **capitalizing on revenue generators** that can help offset the park's cost and long-term maintenance



- B. Identify the most **compatible adjacent land uses** from the point of view of the anticipated park usage and programs
 - C. Suggest the best configurations of adjacent development parcels to allow for **best views** to and from the park
6. Safety + Security
- A. **Minimize contact with hazardous materials** (contaminated soils, contaminated sediments, building materials)
 - B. **Minimize dangerous conditions** (fall, trip hazards, rusted elements, cranes)
 - C. Anticipate and be prepared for **sea level rise impacts** (flooding, surges)
 - D. **Prevent conflicts with shipyard** truck/service access, security and vessel services/movements to allow safe park and water usage
7. Economic Sustainability
- A. Aim to develop **park programs** that can be **self-sustained**
 - B. Coordinate park design with the larger Pier 70 strategies to **facilitate synergies and minimize long-term maintenance cost**
8. Environmental Sustainability
- A. Integrate **park design with anticipated sea level rise** to maximize park usage
 - B. Coordinate park design with anticipated sea level rise **strategies to be implemented bay-wide**
 - C. Establish conditions that **support thriving biological communities** (if/as applicable)

ATTACHMENT F: Alternative 1 - Lines and Traces



ATTACHMENT G: Alternative 2 – Patches and Uses





MEMORANDUM

May 24, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Informational Presentation on a Proposed Design for Teatro Zinzanni related to a proposed lease of a portion of Seawall Lot 324, at the corner of Broadway and the Embarcadero

DIRECTOR'S RECOMMENDATION: Information Only - No Action Required

EXECUTIVE SUMMARY

On February 23, 2012 the Port Commission received an informational presentation on a proposed lease of a portion of Seawall Lot (SWL) 324, at the corner of Broadway and The Embarcadero to accommodate Teatro Zinzanni, formerly located across the Embarcadero at Pier 29. At the informational presentation staff explained that the project design was undergoing refinement to address historic preservation and design criteria that govern development of the site which is within the Northeast Waterfront Historic District. At the Informational Presentation the Port Commission expressed an interest in having the opportunity to comment on the proposed design early in the process, well in advance of a staff request for authorization of a lease.

BACKGROUND

Teatro Zinzanni is one of the Port tenants that were relocated to make way for the construction of the James R. Herman Cruise Terminal project located at Piers 27 and 29, pursuant to the Port's approved Tenant Relocation Plan. Teatro Zinzanni is a popular dinner theatre performed in a historic Spiegel tent, which provides a big top setting for live music, comedy and acrobatic entertainment.

In December 2011, the Port and Teatro Zinzanni mutually identified SWL 324, as a potential relocation site. The site is currently being operated as a surface parking lot.

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The Port and Teatro Zinzanni agreed to negotiate in good faith and seek to complete the necessary documents for a term lease on Port property at the proposed new site. Teatro Zinzanni would relocate the Spiegel tent, as well as construct accessory facilities for support functions including kitchen and food service, dressing rooms, lobby and storage uses.

Teatro Zinzanni's proposed relocation to the site is contemplated in the 34th America's Cup and James R. Herman Cruise Terminal and Northeast Wharf Plaza Final Environmental Impact Report (FEIR), as required by the California Environmental Quality Act, certified by the Planning Commission on December 15, 2011 and upheld by the Board of Supervisors on January 24, 2012.

SWL 324 is located within the Northeast Waterfront Historic District, which was approved by the Board of Supervisors in 1972, and listed in Article 10 of the City Planning Code. To ensure that the design of the relocated venue is compatible with the architectural character of the Northeast Waterfront Historic District, the FEIR included a mitigation measure requiring Historic Preservation Commission (HPC) review. Specifically the HPC must determine whether the project design complies with Article 10, Appendix D of the City Planning Code, and the Secretary of the Interior Standards for Historic Preservation. This includes addressing the architectural and visual characteristics that define the historic district, including façade line continuity, fenestration and design elements for new construction, and appropriate roof treatments. The FEIR mitigation measure requirements must be satisfied prior to Port Commission action to approve the lease. In addition to this requirement, the project is also subject to review by the Waterfront Design Advisory Committee (WDAC) for consistency with the Design and Access Element of the Port's Waterfront Land Use Plan.

An initial proposal for the relocated facilities received preliminary review by the Architectural Review Committee of the HPC in December 2011. At that time the Committee expressed concern about the consistency of the proposed design with the historic district design standards set forth in Appendix D.

PROJECT DESIGN

Since December 2011, Teatro Zinzanni and their design team have modified the project to respond to HPC and Port staff comments. The proposed design will be presented at the May 29, 2012 Port Commission meeting. The proposed design would feature the historic Spiegel tent as the focal point supported by a group of inter-connected non-permanent structures, including a new secondary tent to support pre and post-function and guest activities, and a number of accessory modular structures with applied facades. The tents and supporting structures would be erected on a raised plinth over the existing concrete/asphalt paving of the surface of the parking lot. These modular, one-story accessory structures would contain the lobby area, kitchen and food preparation, dressing rooms, restrooms and other support functions.

The group of structures is proposed to be one-story so that the circular dome of the historic Spiegel tent would be visually prominent. The exterior of the support and back-of-house structures would be clad largely in clapboard style metal. The new tent

structure would be clad primarily with pattern fabric walls for the solid panels. A featured row of glass panels would face The Embarcadero. The primary entrance and vehicle drop-off would be on Broadway. An event support terrace would be accessible through the glass panels and face The Embarcadero. Loading would occur at a designated dock along Davis Street.

NEXT STEPS

Following the Port Commission Information Presentation the project sponsor will request HPC review of the revised design and is scheduled to commence WDAC review on June 20, 2012.

Subject to successful completion of the Port and HPC design processes, Port staff anticipates returning to the Port Commission, Fall 2012, to request a sole source retail lease between the Port and Teatro Zinzanni subject to the approval of the Board of Supervisors (if required).

Recognizing the need for community input on this project, staff and the project sponsor will outreach to the Northeast Waterfront Advisory Group, and neighborhood groups including but not limited to the Telegraph Hill Dwellers and Barbary Coast Neighborhood Associations.

Prepared by: Dan Hodapp, Urban Design Planner
Mark Paez, Historic Preservation Planner
Jeff Bauer, Senior Leasing Manager

For: Byron Rhett, Deputy Director
Planning & Development

Attachment: Architectural Drawings

TEATRO ZINZANNI RELOCATION & MODERNIZATION

May 22nd, 2012

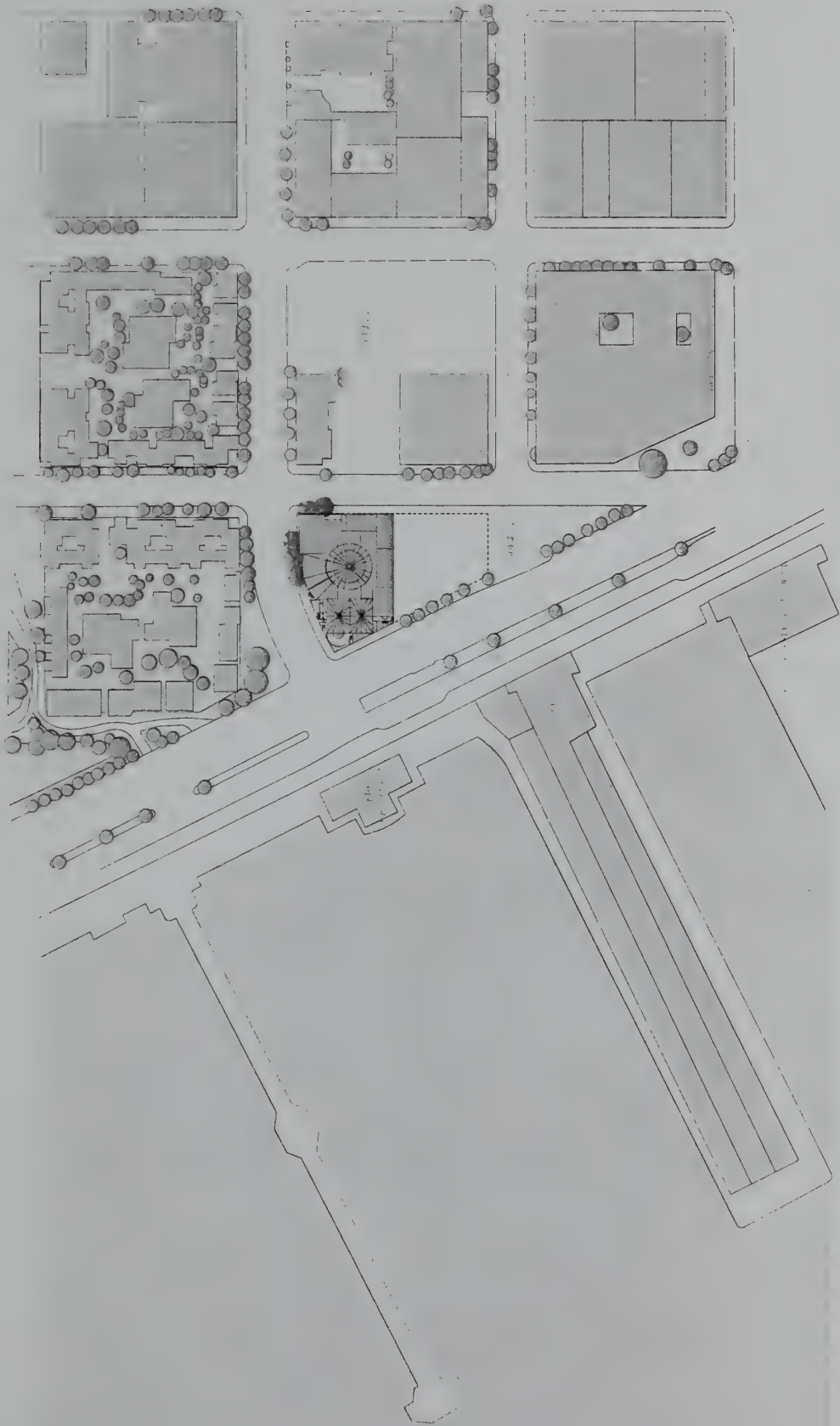
MKTHINK
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FRONT OF HOUSE
new fabric structure

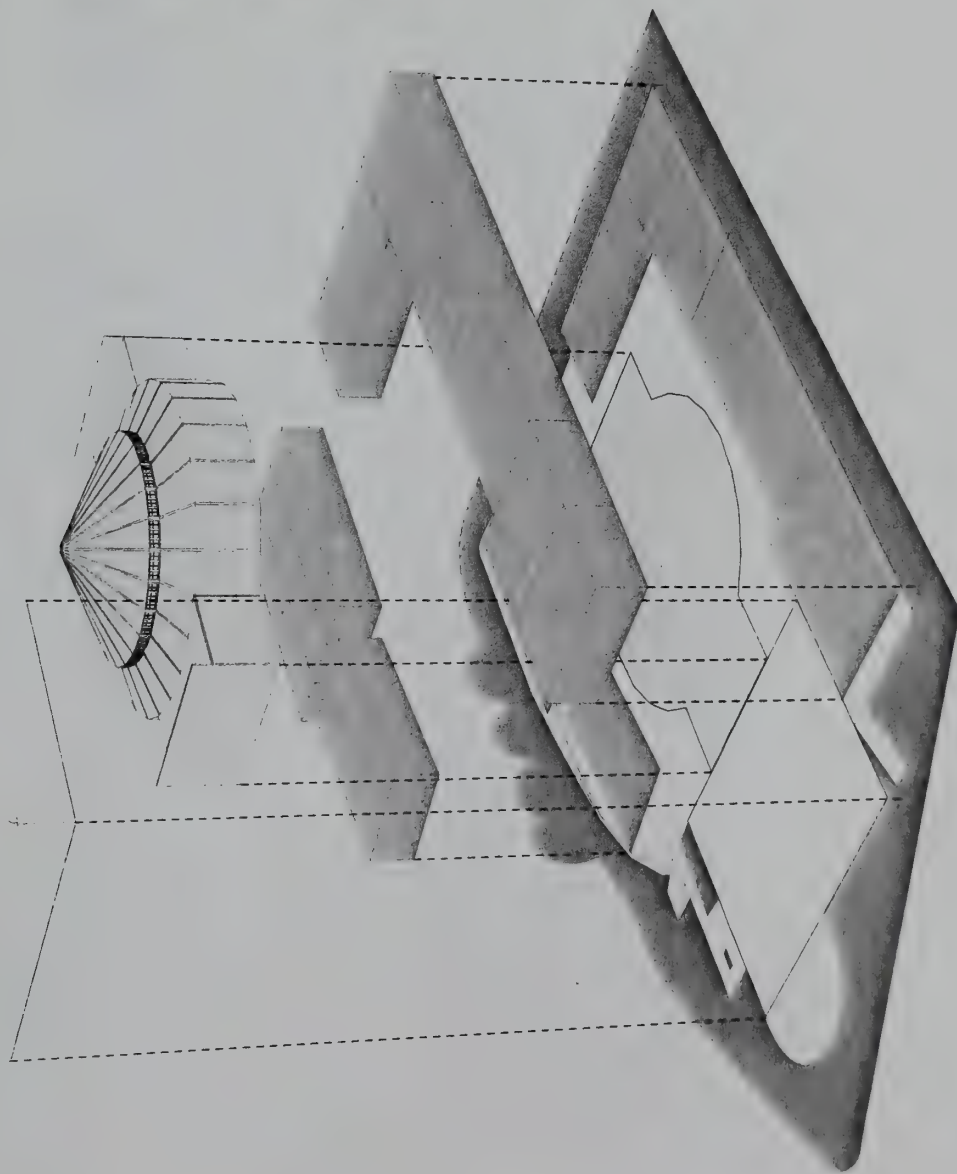
HOUSE
historic Spiegel tent

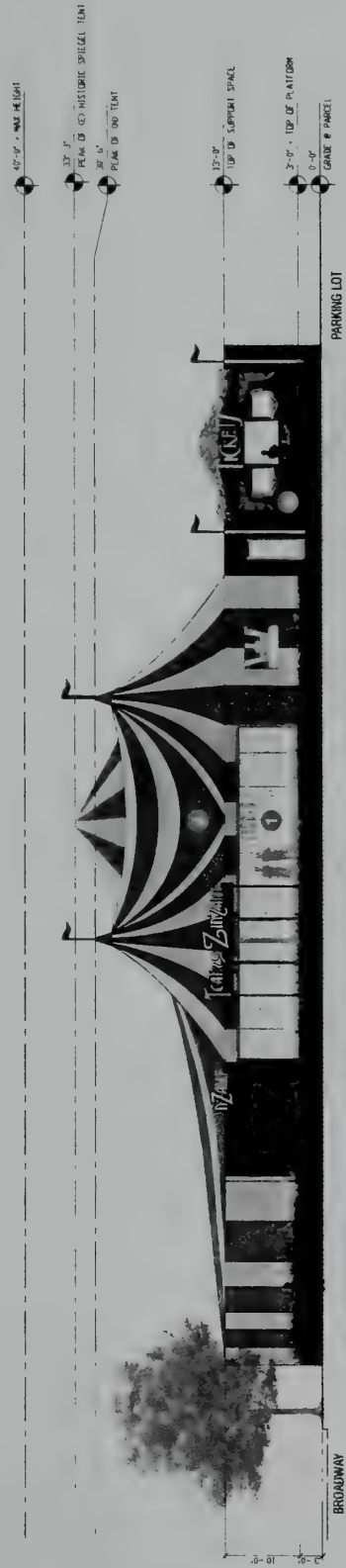
BACK OF HOUSE
off-site modular buildings

PLANTERS + EXISTING TREES

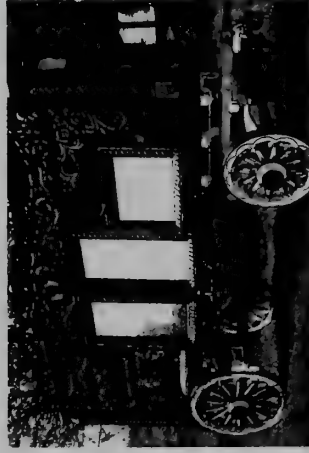
PLATFORM DECK

EXTENDS OF ADJACENT
PUBLIC RIGHT OF WAYS





3



2

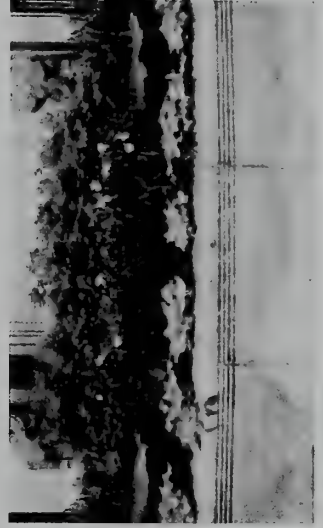


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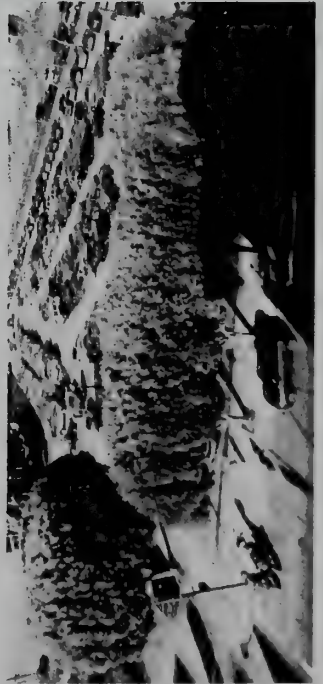


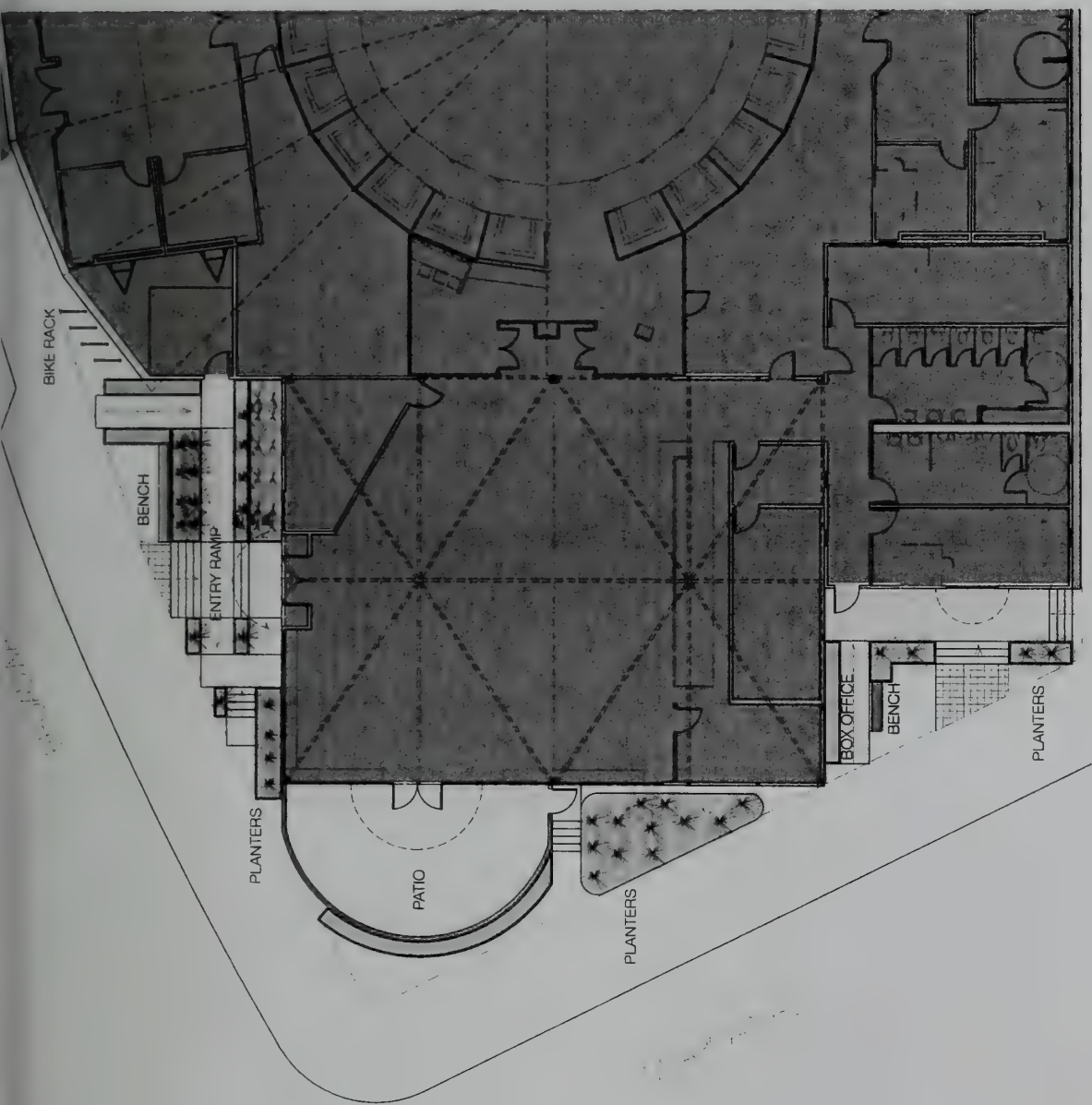


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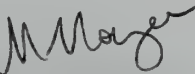




MEMORANDUM

May 24, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Informational update on status of Port infrastructure work, tenant relocation and other Port obligations under the Lease Disposition Agreement in preparation for America's Cup Events in 2012 and 2013

DIRECTOR'S RECOMMENDATION: No Action Required; Informational Item Only

OVERVIEW

The purpose of this item is to brief the Port Commission on the status of the preparations underway for the 34th America's Cup Racing Events (AC34) scheduled for 2012 and 2013. This item includes updates from the Real Estate, Planning, Engineering and Finance Divisions.

On March 27, 2012, by Resolution 109-12, the Board of Supervisors unanimously approved the terms of a Lease Disposition Agreement ("LDA") between the City acting through the Port and the America's Cup Event Authority ("Authority") to host the AC34 events in 2012 and 2013. The Port Commission approved the agreement on April 24, 2012 by Resolution 12-34. In consultation with the City's Risk Manager, City and Port staff are finalizing the insurance and bond requirements of the LDA consistent with the direction of the Board of Supervisors and the Port Commission. The LDA, and the Venue Leases for Piers 19, 19½, 23, 27, 29, 29½, 30-32, and portions of Pier 80, are expected to be executed in early June, 2012.

This staff report provides the first periodic update to the Port Commission describing preparations for AC34. The report includes:

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- A progress report for Port capital projects required by the LDA;
- Funding sources for the delivery of these projects;
- A description of continuing permitting efforts for AC34;
- An update on the James R. Herman Cruise Terminal and the Brannan Street Wharf;
- An update on tenant relocation efforts at sites that will be delivered to the Authority under Venue Leases and the status of delivery of these sites to Authority; and
- A description of the Port's efforts to repair the Venues pursuant to the requirements of Section 1.2(g) of the LDA, which requires the Port to make repairs up to a cap of \$500,000.

AC34 PORT CAPITAL PROJECT UPDATE

Under the agreement, the Port will undertake several required Infrastructure improvements to support venues programmed for Port waterfront facilities, including public access improvements to meet BCDC requirements, and environmental improvements to meet other permitting requirements. These improvements, described below, include improvements to Piers 27-29 which will be coordinated with the ongoing construction of Phase 1 of the James R. Herman Cruise Terminal:

1. Pile repairs to Piers 29 substructure, and demolition and reconfiguration of the north end of the Pier 29 shed prior to the 2013 events;
2. Stormwater management improvements along the north end of Piers 27-29 deck prior to the 2013 events;
3. Upgrade to the Pier 23 electrical utilities prior to the 2013 events
4. Repairs and utility upgrades to Piers 30-32, which will be implemented in two phases; Phase 1 repairs will occur prior to the 2012 events, and Phase 2 will occur prior to the 2013 events;
5. Repair of Pier 19 south apron prior to the 2013 events
6. Demolition of Pier ½ prior to 2013 events, and
7. Removal of Pier 64 and construction of bird platform at Pier 64 after the 2013 events.

On April 24, 2012, the Port Commission authorized Port staff to execute the fourth amendment to the Construction Manager/General Contractor contract with Turner Construction Company to increase the total authorization from \$49,978,883 to a total authorization of \$64,719,777 (additional \$14,740,894) to fund new public improvements



related to the 34th America's Cup Event at Pier 29, Pier 23, Pier ½, and Piers 30-32. Turner will be purchasing the piles for the Pier 19 South Apron project and Port Maintenance will perform the construction, subject to Board of Supervisors approval of a Pier Repair Ordinance authorizing Port Maintenance to conduct pier repair projects with a projected cost of more than \$400,000. Supervisor John Avalos has agreed to sponsor the ordinance. If the Board of Supervisors adopts the Pier Repair Ordinance, Port Maintenance will also perform the planned demolition and construction at Pier 64.

Table 1: Status of AC34 Capital Projects

No	Project Title	Design Completion Date	Scheduled Construction Start	Scheduled Construction Completion	Status
1	Pier 29 Substructure Repair	04/27/2012	07/09/2012	08/31/2012	Regulatory permits are pending
2	Pier 19/23 Electrical Upgrade	06/01/2012	07/02/2012	12/31/2012	Drawings in progress
3	Pier 19 South Apron	04/27/2012	08/01/2012	02/15/2013	Regulatory permits are pending
4	Pier ½ Demolition	04/27/2012	07/16/2012	12/31/2012	Regulatory permits are pending
5.1	Piers 30-32 Phase I	05/21/2012	06/04/2012	07/20/2012	Drawing completion on schedule
5.2	Piers 30-32 Phase 2	08/31/2012	10/20/2012	02/14/2013	Phase 2 drawings in progress
6	Pier 64 Demolition & Caspian Tern Nesting Platform	March, 2013	09/02/2013	01/29/2014	Drawings in progress
7	Pier 29 North End Reconfiguration	04/27/2012	07/09/2012	08/31/2012	P27 Cruise Terminal Rev. Scope
8	Pier 27-29 North Tip Drainage		Jan, 2013	03/01/2013	P27Cruise Terminal Rev. Scope
9	Piers 30/32 Dredging	Design Completed	10/15/2012	11/30/2012	Permits Pending

Project Nos. 7 and 8 in Table 1 are included in the third amendment to the Construction Manager/General Contractor contract with Turner Construction Company which the Port Commission authorized Port Staff to execute at its April 24, 2012 meeting.

FUNDING

The projects listed above are funded with a combination of Port capital funds, reappropriated 2010 Port Revenue Bond funds, funding from the America's Cup Organization Committee (ACOC), and funding from a new Certificates of Participation (COPs) issuance which the City will undertake on behalf of the Port. The City and Port are in the process of issuing the COPs, but funds will not be available until August, 2012. In the interim, the City has agreed to issue Commercial Paper to provide funding (bridge financing) for these critical projects until the COPs are issued.

Table 2 below shows a breakdown of funding for the Port's AC34 construction projects and the Cruise Terminal-related projects.

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Table 2: AC34 Project Funding Sources

No.	Project Name	Estimated Project Cost	COPs / Com. Paper	Port Capital	Reapprop. Port Revenue Bonds	ACOC Funds
1	Pier 29 Substructure Repair	\$875,000	\$75,000			\$800,000
2	Pier 23 Electrical Upgrade	\$552,000	\$552,000			
3	Pier 19 South Apron	\$2,740,000	\$2,740,000			
4	Pier ½ Demolition	\$993,180		\$993,180		
5.1	Pier 30-32 Phase I	\$2,000,000			\$2,000,000	
5.2	Pier 30-32 Phase 2	\$3,142,860			\$3,142,860	
6	Pier 64 Demolition & Bird Nesting Platform	\$1,047,000		\$1,047,000		
7	Pier 29 North End Wall Configuration	\$800,000				\$800,000
8	Pier 27-29 North Tip Drainage	\$1,598,555	\$1,598,555			
9	AC34 Improvements 10% Project Contingency	\$1,135,004	\$416,610	\$204,108	\$514,286	
10	GM.GC Fee	\$1,189,816	\$470,215	\$201,198	\$518,403	
11	Materials Testing & Special Inspect	\$275,000	\$275,000			
12	Pier 30-32 Design Services	\$3,142,860			\$3,142,860	
13	AC34 Project Management	\$250,000	\$250,000			
14	AC34 Environmental Plan & Monitoring	\$503,100	\$503,100			
15	Other AC34 Soft Costs	\$250,000	\$250,000			
Tot.		\$17,701,515	\$7,130,480	\$2,445,486	\$6,525,549	\$1,600,000

Total Delivery Costs for the AC34 Construction Projects: (Items 1 through 6, and 9 and 10):	\$13,674,860
Total Costs for the Cruise Terminal Projects (Items 7 and 8):	\$ 2,398,555
Total Estimated A&E, Environmental, and Other Soft Costs (Items 11 through 16):	<u>\$ 1,628,100</u>
TOTAL:	\$17,701,515

CALIFORNIA ENVIRONMENTAL QUALITY ACT AND PERMITTING

The environmental effects of the improvements to Port facilities were analyzed in the 34th America's Cup and James R. Herman Cruise Terminal and Northeast Wharf Final EIR, which was certified by the Planning Commission on December 15, 2011, and upheld by the Board of Supervisors on January 24, 2012. Port and City staff currently are working with regulatory agencies to secure required reviews and permits, which must be completed before commencement of construction.

San Francisco Bay Conservation and Development Commission ("BCDC"): The Port received approval of an amendment to the Special Area Plan for the San Francisco Waterfront for AC34 on April 5, 2012. BCDC issued a minor permit for Piers 30-32 structural upgrades approved May 4, 2012. BCDC has scheduled a major permit public hearing for AC34 venues and uses on June 7, 2012 and a vote is scheduled in June, 2012.

U.S. Army Corps of Engineers Section 10: The Port's application is currently under review by USACE. USACE published the Public Notice in the Federal Register on May 16, 2012. USACE is currently working on a NEPA EA and NHPA sec 106 to support their permitting actions.

San Francisco Bay Regional Water Quality Control Board 401 Water Quality Certification: An amended 401 was received on 5/22/12. This permitting process is complete.

National Marine Fisheries Service ("NMFS") Section 7: A Biological Assessment is currently under view by NMFS. NMFS will issue a Biological Opinion.

National Oceanic and Atmospheric Agency (NOAA) Incidental Harassment Authorization ("IHA"): The IHA application is currently under view by NOAA. NOAA will issue an IHA.

California Department of Fish and Game ("CDFG") 2081: CDFG has issued concurrence with the Biological Assessment that was submitted. This process is complete (CDFG does not issue a permit, they concur that the project with the proposed mitigation measures does not result in take of state listed species).

U.S. Fish and Wildlife Service ("USFWS") Section 7: A Biological Assessment is currently under review by USFWS. It is expected that USFWS will issue a statement of concurrence.

State Lands Commission ("SLC") Lease: A lease application for dredging is currently under review by SLC.

JAMES R. HERMAN PIER 27 CRUISE TERMINAL AND BRANNAN STREET WHARF

The Pier 27 Cruise Terminal Project remains on schedule and all permitting for the project is complete. Procurement for the project is 84% complete based on volume.

Fourteen (14) bid packages are under contract, representing \$38M of the project budget, including demolition, concrete, steel/deck/stairs, miscellaneous iron, exterior wall, roofing, elevators/escalators, mechanical, electrical, plumbing and fire protection.

Thirteen (13) bid packages are out to bid, representing \$3M of the project budget, including doors/frames, rough/finish carpentry, rigid insulation, coiling/won doors, tile, ceilings, flooring, toilet partitions/accessories, fencing, signage, security curtain. Bids on these packages are due by May 30, 2012. Three bid packages, representing \$4M of the project budget, remain to be advertised, including drywall, paving (Including North Point drainage) and painting.

Table 3: Pier 27 Cruise Terminal Major Milestones

Critical Component	Anticipated Delivery
Structural Steel	5/29/12
Exterior Metal Panels	8/20/12
Escalators	8/24/12
Roof AHU's/Equipment	9/04/12
Shorepower Substation	9/14/12
Electrical Switchgear & Generator	9/17/12
Transformer	10/05/12
Elevators	10/22/12

The Pier 36 demolition project, which is managed by the U.S. Army Corps of Engineers, is estimated to be 3 weeks behind schedule. Pier 36 demolition must be completed before work on the Brannan Street Wharf project can be completed.

The Authority has requested the Port stop work on the Brannan Street Wharf project during two weeks of pile driving that coincide with pile driving for the Brannan Street Wharf. This project is currently scheduled to finish by June 30, 2013. Port staff does not believe that there is any cushion in the schedule for the Brannan Street Wharf that can absorb a two week delay. That said, Port staff understands the concern about driving piles during the 2012 World Series events and will continue to work with the Authority and the Port's contractor to accommodate this request.

REAL ESTATE

The LDA is expected to be fully executed sometime in early June, 2012 at which time the Port and the Authority will enter into Venue Lease/License agreements for the various event venue sites. The Real Estate Division is currently preparing standard form Port licenses for Pier 23 and Pier 80 to permit earlier entry to these locations. Staff is also preparing the Venue Leases/Licenses for the venue sites listed below, in anticipation of the signing of the LDA:

- Pier 19 September 1, 2012
- Pier 19½ 20 parking spaces July 1, 2012, remainder September 1, 2012
- Pier 23 Offices under License June 1, 2012, remainder July 4, 2012
- Pier 27-29 Phased delivery June 15, 2012 – March 1, 2013
- Pier 30-32 July 20, 2012 (World Series); March 1, 2013 (Louis Vuitton Cup)
- Pier 80 June 1, 2012 under License

The Authority has requested early occupancy of portions of Pier 23 and Pier 80 under standard form Port licenses prior to execution of the LDA. The Authority needs access to Pier 23 to commence cosmetic improvements to the office space and to begin making plans for the media center to be located at Pier 23. Also, the Authority requires outdoor space at Pier 80 in order to erect a tower crane, which will be needed to lift boats in and out of the water. Pier 80 will also be used as a receiving site for the team base shipping containers, which are due to arrive in San Francisco on July 20th. To facilitate these uses the Port has prepared Licenses for these activities on a temporary basis until the Venue Leases/Licenses are executed.

The Port's tenant relocation efforts have thus far been extremely successful. The event will displace a total of 37 existing Port tenants. Out of these tenants, 23 have already vacated their premises and the Port is working closely with the remaining 14 tenants.

VENUE REPAIRS

Pursuant to Section 1.2(g) of the LDA, the Port and the Authority are required to perform facility walk-throughs at all venues and jointly prioritize a list of repairs that the Port must conduct up to a cap of \$500,000. The walkthroughs have been completed. The list of repairs, which includes hazardous material abatement of lead paint, fire safety improvements including exiting and signage, demolition, bathroom and utility repairs, and Americans with Disabilities Act improvements, currently totals approximately \$1 million.

Port Engineering and Maintenance are coordinating to further refine the repair list, and will continue to refine the priority of repairs that the Port must conduct within the \$500,000 cap. Port staff will provide a more detailed update on these repair projects during the next AC34 project update.

Prepared By:

Joe Roger, Structural Engineer
Larry Brown, Financial Analyst

Diane Oshima, Asst. Deputy Director

Mark Lozovoy, Asst. Deputy Director
Kelley Capone, Env. Project Mgr. &
Rich Berman, Utility Specialist
Jay Ach, Mgr. Reg. & Env. Affairs

For: Ed Byrne, Chief Harbor Engineer
For Elaine Forbes, Director of Finance &
Administration

For Byron Rhett, Director of Planning &
Development

For Susan Reynolds, Director of Real Estate

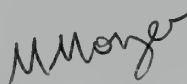
For Brad Benson, Special Projects Manager
For Peter Dailey, Deputy Director of Maritime



MEMORANDUM

May 24, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Accept the Port's Biannual Report on Contracting Activity
FY 2011-12 (July 1, 2011 through Dec 31, 2011)

DIRECTOR'S RECOMMENDATION: Accept Biannual Report on Contracting Activity

INTRODUCTION

The purpose of this informational report is to provide the Port Commission with regular reporting on the Port's contracting activities. This reporting is consistent with the Port Commission's policies and practices and is in concert with reporting to the Board of Supervisors as required by the City and County of San Francisco through its Administrative Code Section 6.64 and to the Mayor's Office pursuant to Administrative Code Section 14B.15(B). In addition, this reporting is issued pursuant to an agreement with the International Federation of Professional and Technical Engineers (IFPTE) Local 21 and the City's Department of Public Works to keep them apprised of the Port's contracting activities.

This report reviews new contracting activities and amendments and change orders to existing contracts for the 1st and 2nd quarter of FY 2011-12, summarizes staffing changes for the International Federation of Professional and Technical Employees, reports on Port projects where the Department of Public Works is performing or managing the work. This report also includes new tables that show the status of existing construction and professional services contracts.

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BACKGROUND

The Port engages in a variety of contractual transactions that include: leases, developer agreements, construction contracts, general services contracts, and professional services contracts.

Professional services contracts must be approved by the Civil Service Commission. The Port contracts out for professional services only when work cannot be performed by the Port or other City employees because of the limited nature of the work, peak workload obligations, lack of specific expertise, or as otherwise required based upon financial risk, funding or other legal requirements.

Port staff monitors the Port's contracting to assure compliance with the various laws, rules and regulations governing its procurement activities with particular emphasis on effectively maximizing contracting with local small businesses (LBEs).¹ In addition, the Port must comply with federal, state, and local laws concerning nondiscrimination in contracting. The Port's annual overall goal for LBE subcontractor participation is 20%. In addition, the Port encourages LBE firms to compete for prime contracts and use joint venture relationships to strengthen their ability to successfully compete for contracts as individual primes.

Much of the Port's on-going professional services contracting is performed under as-needed contracts. The Port has ten (10) such contracts established as Master Agreements following a formal competitive Request for Qualifications process.² These Master Agreements primarily have a three (3) year term and aggregate value of \$9,700,000. The implementation of these as-needed contracts is accomplished through the issuance of Contract Service Orders (CSO). These as-needed contracts are subject to LBE subcontracting goals overall for the Master Agreement and for each CSO.

REPORT HIGHLIGHTS

Port Commission Delegated Authority:

In the 1st and 2nd Quarters of FY 2011-12, the Executive Director exercised her delegated authority for one professional services contract.

Local Business Enterprise (LBE) Participation on Port Contracts

The Port exceeded its 20% LBE subcontracting goal with **28% of all contract dollars subject to the 14B ordinance being awarded to LBE firms**. This 28% result breaks out into the following categories: as-needed contracts with an LBE average percentage of 26% for Real Estate, Engineering, and Environmental

¹ Construction contracts, general services contracts and professional services contracts are subject to the San Francisco Administrative Code Chapter 14B mandatory LBE subcontracting participation requirements unless there is an approved San Francisco Human Rights Commission waiver of the LBE subcontracting goals or the source of funds is Federal or State grant monies.

² These contracts are with the following firms: Creegan D'Angelo, Winsler Kelly, URS/AGS, CBRE, Bay Area Economics, Keyser Marston, EPS, Tetra Tech, Weiss and Associates, and Baseline.

contracts; construction contracts with an average percentage of 24%; and new professional services contracts LBE dollars reached 33% of the contract awards. Contracts that are not subject to the 14B ordinance such as federally funded projects and sole source contracts are not included in this calculation.³

Local Hire

The Port had three construction projects subject to the local hire requirements during the reporting period. Contractors submit weekly certified payroll reports through the City's Elation System operated by the Office of Labor Standards and Enforcement. Two of the three projects have reported local hire hours. One contractor has just started construction and has not submitted certified payroll reports.

The Office of Economic and Workforce Development (OEWD) Local Hire table below is an estimate of the overall hours for the two applicable projects. Port staff will work with OEWD to implement a regular reporting system to keep Port project management staff updated on contractor's compliance efforts.

OEWD Local Hire Report from 07/01/2011 to 12/31/2011

Project	Total Hours		
	Total	Local	Local %
Hyde Street Harbor JOS Building	2,651	675	25%
Pier 35 North Apron Repair	1,615	986	61%
Total	4,265	1,661	39%

Local 21 Staffing Activity

The Port experienced zero Local 21 employee separations and five appointments. Three out of the five appointments were permanent and two were temporary. One of the temporary positions reflects the Port's use of internship programs to provide employment and skill building opportunities. The other temporary position is labor relations support for Pier 50.

DISCUSSION

This discussion is intended to provide more detail on the items summarized in the Annual Report Highlights and provide detail on the first (1st) and second (2nd) quarter contracting activity.

Executive Director's Delegated Authority

In an effort to streamline the Port's contracting process and to be consistent with the San Francisco Administrative Code and the practice of other City departments, the Port

³ The Port of San Francisco entered into new sole source procurements with two IT firms for license renewals.

Commission has delegated the following authority to the Executive Director (Resolution No 10-60):

- Public works and improvement contracts \$400,000
- Professional services contracts \$100,000

Delegated authority allows the Port's Executive Director to execute and award public works and improvement and professional services contracts at or under the above listed threshold limits without Port Commission review and approval.

During the reporting period, the Executive Director authorized the approval of Design Media Services contract for \$10,000 for executive coaching.

The Port Commission has also authorized the Executive Director (Port Commission Resolutions #09-29 and 09-37) to execute Contract Service Orders up to \$500,000 without further review or approval of the Port Commission subject to the requirements of Administrative Code Chapter 6.64 requirements. Chapter 6.64 of the San Francisco Administrative Code limits contract service orders to a maximum of \$200,000 per public works project. Contract Service Orders exceeding \$200,000 require written justification by the department head establishing the urgency to perform the work under as-needed contracts rather than through a new formal competitive procurement. During the reporting period, the Executive Director did not exercise this delegation for any as-needed engineering CSOs.

First (1st) and Second (2nd) Quarter Contracting Activity

As indicated in the table below, the Port exceeded its 20 percent goal in the 1st and 2nd quarters, achieving combined LBE participation of 28% of \$9,620,006 awarded for professional and construction contracts. This participation equals \$2,712,696 of contract work to local small businesses under as-needed, construction and professional services. The Port monitors construction change orders and contract amendments to assure that contracts that are modified adhere to the same LBE participation requirements of the original contract. These transactions added another \$2,637,222 of contract work for local small businesses. The All Hazard Response Plan contract is a federally funded contract and federal guidelines prohibit the use of geographical preferences which is why the UASI contract in the amount of \$419,927 is listed separately.

Type of Transaction	No. of Transactions	Total Dollar Amt.	LBE Amount	LBE %
As-Needed CSOs	12	\$783,782	\$206,912	26%
Construction	4	\$4,701,450	\$1,146,983	24%
Professional Services	3	\$4,134,774	\$1,358,801	33%
Total 14B Applicable Transactions	19	\$9,620,006	\$2,712,696	28%
LBE Exempt Contracts	1	\$419,927	NA	NA
Total Change Orders/Amendments	17	\$9,399,969	\$2,637,222	28%
TOTAL LBE PARTICIPATION		\$19,019,975	\$5,349,918	28%

For a detailed report of the contracting activities for FY 2011-12, please refer to *Exhibits 1, 2 and 3. Other on-going Sole Source Contracts are detailed in Exhibit 4.*

Local 21 Staffing Activity Report

As requested by the International Federation of Professional and Technical Engineers Local 21, staffing Activity for the entire fiscal year is attached as Exhibit 5 to this report.

Local Hire

The San Francisco Local Hiring Policy for Construction applies to the following contracts for construction projects advertised for bid after March 25, 2011:

- Construction contracts for public works or improvements; and
- All City and County of San Francisco contracted construction work on City owned or leased property.

The Local Hire Ordinance requires contractors and their subcontractors in the first year to attain a minimum of 20% total work hours by trade per project using San Francisco residents and no less than 10% of all projected work hours within each trade performed by disadvantaged San Francisco residents. The program is managed by the OEWD as indicated in the separate report presented to the Port Commission at its July 12, 2011 meeting.

During the first two quarters, there were three projects subject to local hire requirements. Two of these projects have reported local hire hours. The total local hire utilization is shown below as a percentage of total labor hours.

- Hyde Street Harbor Joint Operations and Security Building Project 32%
- Pier 35 North Apron Repair Project 48%
- Roundhouse 2 – HVAC Plant Improvements (No hours reported to date.)

Projects completed by Other City Agencies

In addition to management of high profile Port projects such as the Pier 27 Cruise Terminal, the Department of Public Works has been authorized to assist the Port with the following projects through interdepartmental work orders:

- a. Bureau of Architecture – ADA Exiting Study
- b. Bureau of Construction Management – Pier 43 Bay Trail Link Project Construction Support and ADA Improvements
- c. Bureau of Engineering – Pier 26 Water Bar HVAC
- d. Bureau of Engineering – Pier 28 IDEO HVAC PG&E Service Upgrade
- e. Bureau of Engineering – Pier 19 Roof Replacement
- f. Bureau of Engineering – Pier 94 Backlands Improvements
- g. Bureau of Engineering – Pier 94 Ground Subsidence Repairs
- h. Bureau of Architecture – Pier 33 Tenant Improvements
- i. Bureau of Engineering – Blue Greenway Parks Signage and Furnishings
- j. Bureau of Engineering – Tulare Park Design
- k. Bureau of Engineering – Heron's Head Park Design
- l. Municipal Transportation Agency – Cargo Way Street Design
- m. Bureau of Engineering – Cargo Way Design Support and Construction Support
- n. Art Commission – Art Enrichment Project
- o. Art Commission – Pier 90 Silos Public Art
- p. Bureau of Engineering – Port Sanitary Sewer Utility Mapping Design
- q. Bureau of Engineering – Pier 50D New Emergency Power Distributor
- r. Bureau of Engineering – Pier 80 Security Lighting
- s. Bureau of Engineering – Pier 96 sinkhole & Outfall
- t. Bureau of Engineering – Taylor Street Improvements Project
- u. Bureau of Engineering – Indicator Test Pile for Pier 9
- v. Bureau of Engineering– Pier 35 Tenant Improvements for Cruise Terminal Restroom

In addition to the above listed work performed by DPW, the Port has interdepartmental work orders with numerous other City departments for services.

In conclusion, Port staff is pleased to report achievement of the Port's local business enterprise participation goals. Port staff hopes to be just as successful in providing small business opportunities on future projects.

RECOMMENDATION

The above report is submitted to meet the requirements stated in the report's Introduction. Port staff requests the Port Commission's acceptance of this report.

Prepared by: E. Andrés Acevedo &
Megan Stephenson
Contract Administrator

Prepared for: Elaine Forbes
Deputy Director
Finance & Administration

Ed Byrne
Chief Harbor Engineer
Engineering

cc: Human Rights Commission, Romulus Asenloo
Local 21, IFPTE, Ging Louie

Attachments:

- Exhibit 1: New Contract Awards
- Exhibit 2: As-Needed Contracting Activity
- Exhibit 3: Construction Change Orders/Contract Amendments
- Exhibit 4: Annual Sole Source Contracting Report
- Exhibit 5: Local 21 Staffing Activity
- Exhibit 6: Existing Contract Status – Construction
- Exhibit 7: Existing Contract Status – Professional Services

**Annual Contracting Activity Report
(July 2011 - December 2011)
Newly Awarded Contracts* (Exhibit 1)**

1st QUARTER (July 1, 2011 - September 30, 2011)

Professional Services						
Project Description	Vendor Name	Contract Amt	LBE Dollars	LBE %	Comments	
Executive Coaching	Design Media Inc.	\$10,000	\$10,000	100%		
TOTAL PROFESSIONAL SERVICES		\$10,000	\$10,000	100%		

2nd QUARTER (October 1, 2011 - December 30, 2011)

Professional Services						
Project Description	Vendor Name	Contract Amt	LBE Dollars	LBE %	Comments	
All Hazard Response Plan	URS Corporation	\$419,927	\$0	0%	Federal Funds	
Cruise Terminal and America's Cup	Environmental Services Associates	\$4,124,774	\$1,348,801	33%		
TOTAL PROFESSIONAL SERVICES		\$4,544,701	\$1,348,801	33%		

3rd QUARTER (January 1, 2012 - March 31, 2012)

Professional Services						
Project Description	Vendor Name	Contract Amt.	LBE Dollars	LBE %	Comments	
Pier 35 North Apron Repair	MH Construction Management	\$ 786,000	\$ 165,000	20%		
Heron's Head Entrance Improvement	Yerba Buena Engineering	\$ 1,708,000	\$ 375,760	22%		
TOTAL CONSTRUCTION SERVICES		\$ 2,494,000	\$ 540,760	22%		

BIANNUAL SUMMARY

	Total Prime Contract \$	Total LBE Contract \$	LBE \$	LBE %	Total # of Contracts
Construction*	\$ 4,701,450	\$ 4,701,450	\$ 1,146,983	24%	4
Professional Services*	\$ 4,554,701	\$ 4,134,774	\$ 1,358,801	33%	3
Total Newly Issued Contracts	\$ 9,256,151	\$ 8,836,224	\$ 2,505,784	28%	7
As-Needed Contracting New CSOs	\$ 783,782	\$ 783,782	\$ 206,912	26%	NA
TOTAL LBE PARTICIPATION (20% Goal)	\$ 19,296,084	\$ 9,620,006	\$ 2,712,696	28%	

*Based upon contracts encumbered in the accounting system

As-Needed Contracting Activity Report (Exhibit 2)

As Needed Contracts									
Professional Services Consultants	CSO Amt.	LBE Amt.	LBE%	CSO Amt.	LBE Amt.	LBE%	CSO Amt.	LBE Amt.	LBE %
Real Estate	3 CSOs								
Bay Area Economics	\$116,705	\$37,800	32.39%	\$0	\$0	0%	\$116,705	\$37,800	32.39%
CBRE Consulting	\$0	\$0	0.00%	\$65,000	\$0	0%	\$65,000	\$0	0.00%
Economic Planning Sys.	\$0	\$0	0.00%	\$0	\$0	0%	\$0	\$0	0.00%
Keyser Marston Assoc.	\$0	\$0	0.00%	\$0	\$0	0%	\$0	\$0	0.00%
Total Real Estate Services	\$116,705	\$37,800	32.39%	\$65,000	\$0	0.00%	\$181,705	\$37,800	20.80%
Engineering & Related	6 CSOs								
Creegan + D'Angelo/F.E. Jordan	\$153,826	\$36,100	23.47%	\$291,581	\$86,586	29.70%	\$445,407	\$122,686	27.54%
Winzer & Kelly/SDE JV	\$32,961	\$0	0.00%	\$46,629	\$5,972	12.81%	\$79,590	\$5,972	7.50%
URS/AGS JV	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
Total Engineering & Related	\$186,787	\$36,100	19.33%	\$338,209	\$92,558	27.37%	\$524,996	\$128,658	24.51%
Environmental & Related	3 CSOs								
Baseline	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0	0.00%
Tetra Tech/AEW JV	\$0	\$0	0.00%	\$42,188	\$27,494	65.17%	\$42,188	\$27,494	65.17%
Weiss Associates	\$21,911	\$12,960	59%	\$12,981	\$0	0.00%	\$34,892	\$12,960	37.14%
Total Environmental & Related	\$21,911	\$12,960	59.15%	\$55,169	\$27,494	49.84%	\$77,081	\$40,454	52.48%
TOTAL As-Needed Contracts	\$325,403	\$86,860	26.69%	\$458,379	\$120,052	26.19%	\$783,782	\$206,912	26%

Annual Contracting Activity Report (July 2011 - December 2011) Change Orders and Amendments (Exhibit 3)

Construction Change Orders					
1st QUARTER (July 1, 2011 - September 30, 2011)					
Date	Firm	Amount	LBE	Notes	
7/12/2011	Hyde Street Harbor, Joint Operations Security Building	\$1,754,450.00		Roebuck Construction	
8/1/2011	3rd party independent quality control inspector dredging at Pier 27	\$32,961.00		Winzler&Kelly/SDE JV	
8/10/2011	Pier 33.5 Core and Shell Improvements, Mod 01	\$153,826.00		Creegan & D'Angelo/F E Jordan JV	
8/15/2011	Pier 35 North Apron Improvements	\$786,000.00		MH Construction	
9/13/2011	Heron's Head Park Improvements	\$1,708,000.00		Verba Buena Engineering	
9/13/2011	Roundhouse 2 HVAC Central Plant Improvements	\$453,000.00		Evra Construction	
Subtotal		\$4,888,237		\$1,157,067	23.67%
2nd QUARTER (October 1, 2011 - December 31, 2011)					
10/4/2011	Pier 33.5 Improvements Estimate	\$7,322.50		Winzler&Kelly/SDE JV	
11/4/2011	3rd party independent quality control inspector dredging at Pier 35	\$39,306.00		Winzler&Kelly/SDE JV	
11/15/2011	PORT OF SF SEISMIC ENRG STDS FOR PIERS,	\$171,580.70		Creegan & D'Angelo/F E Jordan JV	
11/15/2011	P70, Bldg 113 Structural Remediation Project	\$120,000.00		Creegan & D'Angelo/F E Jordan JV	
12/7/2011	Mission Bay Shoreline Protection for Bayfront Park	\$0.00		Ferma Corporation	
Subtotal		\$338,209		\$92,558	27.37%
Total		\$5,226,446		\$1,249,625	23.91%
Professional Services Amendments					
1st QUARTER (July 1, 2011 - September 30, 2011)					
Date	Firm	Amount	LBE	Notes	
7/18/2011	Creegan & D'Angelo/F E Jordan JV	\$153,826.00		Pier 33.5 Core and Shell	
8/1/2011	Creegan & D'Angelo/F E Jordan JV	\$15,153.00			
9/22/2011	Creegan & D'Angelo/F E Jordan JV	\$25,000.00			
Subtotal		\$193,979		\$38,796	20.00%
2nd QUARTER (October 1, 2011 - December 31, 2011)					
10/20/2011	Environmental Science Associates	\$4,124,774.00		\$1,348,801.10	
10/21/2011	Environmental Science Associates	-\$128,043.00			
12/22/2011	Creegan & D'Angelo/F E Jordan JV	-\$17,187.67		Reduce to total of \$102,812.33	
Subtotal		\$3,979,543		\$1,348,801	33.89%
Total		\$4,173,522		\$1,387,597	33.25%
Grand Total		\$9,399,969		\$2,637,222	28.06%

Exhibit 4: Annual Sole Source Contracting Report



INTERDEPARTMENTAL MEMORANDUM

April 9, 2012

TO: Board of Supervisors
Attention: Clerk of the Board

FROM: Monique Moyer
Executive Director

SUBJECT: Sole Source Contracts from July 1, 2011- Current

Pursuant to Section 67.24(e) of the Sunshine Ordinance, the Port of San Francisco entered into the following Sole Source Contracts for Fiscal Year 2011/2012. The list also includes existing contracts from previous reporting periods that have not yet expired.

Term	Vendor	Amount	Reason
8/1/09 - 12/31/13	Cochran, Inc.	\$5,123,806	Design, purchase, and installation of shoreside power equipment at Pier 27 and 29. <u>Justification:</u> Ordinance No.125-08 adopted by the Board of Supervisor on July 16, 2008 and modified under ordinance 147-09 on June 30, 2009. Princess Cruises has unique experience in the development of shoreside power resources and assisted the Port in securing grant funding to pay for this valuable asset. Princess Cruise Lines utilizes Cochran, Inc., a Seattle-based electrical engineering contractor to design, install shoreside power facilities.
1/1/12-12/31/12	Invensys	\$29,745	Avantis.PRO <u>Justification:</u> Annual proprietary

Exhibit 4: Annual Sole Source Contracting Report

			software license renewal a maintenance for existing maintenance management system.
1/1/12-12/31/12	AirIT	\$36,959	PROPworks <u>Justification:</u> Annual proprietary software license renewal a maintenance for existing maintenance management system.
10/1/11-9/30/12	IBM	\$12,528.00	RS/6000 <u>Justification:</u> Annual hardware maintenance for IBM RS 6000 storage server, and backup device.

In summary, the Port has received approval to contract out \$5,253,850.88 in sole source purchases or contracts.

cc:

Elaine Forbes, Port Deputy Director for Finance & Administration
Megan Stephenson and E. Andres Acevedo, Port Contract Administrator

Port of San Francisco

**Fiscal Year 2011-12 Staffing Activity (Local 21 only)
(Exhibit 5)**

1st Quarter

07/01/2011 - 09/30/2011

HIRES

Effective	Class/Title	Division	Appointment Type
9/6/2011	1244 Senior Personnel Analyst	Human Resources	Temporary Exempt/Full-Time

SEPARATIONS

Effective	Class/Title	Division
	None	

2nd Quarter

10/01/2011 - 12/31/2011

HIRES

Effective	Class/Title	Division	Appointment Type
10/3/2011	1649 Accountant Intern	Accounting	Permanent Exempt/Full-Time
10/17/2011	5602 Utility Specialist	Real Estate	Permanent/Full-Time
11/7/2011	5299 Planner IV - Env'tl Review	Planning & Development	Permanent Exempt/Full-Time
11/29/2011	5382 Student Design Trainee III	Engineering	Temporary Exempt/As-Needed

SEPARATIONS

Effective	Class/Title	Division
	None	

Contracting Activity Report
(July 2011 - March 2012)
Newly Awarded and Ongoing Construction Contracts
EXHIBIT 6

Contract No.	Project Title	Approved Amount	Total Spent Amount	Approved Contingency Amount	Contingency Used	Duration, Days	NTP Date	Substantial Completion Date	On Time? [Y/N]	Comments
Newly Awarded										
2755	Port Security Fences Phase 3	\$1,311,011	\$0	\$131,101	\$0	120	2/27/2012	6/25/2012	Y	In progress
2752	P35 North Apron Repairs	\$786,000	\$728,688	\$78,600	\$47,865	129	10/24/2011	2/29/2012	Y	Completion pending OSLE investigation
2749	Heron's Head Park Improvement	\$1,708,000	\$65,250	\$170,800	\$0	180	1/10/2012	7/7/2012	Y	In progress
2745	Hyde Street Harbor, Joint Operations Building	\$1,754,450	\$841,897	\$175,445	\$0	270	8/29/2011	5/24/2012	Y	In progress
2744R	Roundhouse 2 - HVAC Central Plant Upgrade	\$453,000	\$11,160	\$45,300	\$0	150	12/5/2011	5/2/2012	Y	In progress
2726	Brannan Street Wharf Park	\$13,537,800	\$0	\$1,353,780	\$0	450	4/4/2012	6/27/2013	Y	In progress
Res. 11-45	Pier 27 Cruise Terminal CM/GC	\$3,581,137	\$633,991	\$358,114	\$0	621	6/20/2011	3/1/2013		Approved 6/14/11
Res. 11-59	Pier 27 Cruise Terminal CM/GC	\$5,500,000	\$0	\$550,000	\$0	621	6/20/2011	3/1/2013		Approved 9/13/11
Res. 11-75	Pier 27 Cruise Terminal CM/GC	\$31,491,497	\$0	\$3,927,676	\$0	621	6/20/2011	3/1/2013		Approved 12/16/11
In Progress										
2727	Pier 43-1/2 Bay Trail Link	\$6,383,000	\$1,627,698	\$638,300	\$0	425	6/3/2011	7/31/2012	N	Delayed 2 months
2741	Marine Structural Projects III	\$2,963,452	\$306,383	\$132,500	\$0	2 years	6/6/2011	6/4/2013	Y	In progress
2746	Maintenance Dredging 2011-2015	\$4,000,000	\$2,822,910	\$400,000	\$0	5 years	7/21/2011	12/31/2016	Y	In progress
2732R	Mission Bay Shoreline Protection	\$1,579,450	\$1,366,644	\$157,945	\$48,323	180	7/25/2011	1/20/2012	Y	Completed

Vendor Name	Description	Start Date	End Date	Total Amount	Remaining 03.31.12	Spent to Date	Notes
As-Needed Engineering							
Creegan & D'Angelo/F E Jordan JV	As-needed Engineering Blanket	06/01/09	06/30/13	\$ 1,500,000	\$ 396,323	\$ 1,103,677	
Creegan & D'Angelo/F E Jordan JV	On-Call Scoping and Technical Advice	07/01/09	06/30/13	\$ 100,000	\$ 27,026	\$ 72,974	As-Needed
Creegan & D'Angelo/F E Jordan JV	PIER 45 DRAINAGE	10/29/09	06/30/13	\$ 43,525	\$ 2,937	\$ 40,588	Completed
Creegan & D'Angelo/F E Jordan JV	Testing & Inspection for ISB	01/12/10	06/30/13	\$ 120,000	\$ 34,307	\$ 85,693	In Progress
Creegan & D'Angelo/F E Jordan JV	CAL TRAIN/HSR OCS PEER REVIEW	01/17/10	06/30/13	\$ 19,650	\$ 3,410	\$ 16,240	In Progress
Creegan & D'Angelo/F E Jordan JV	Pier 33.5 Core and Shell Improvements - Prelim Eng.	09/23/10	06/30/13	\$ 182,430	\$ -	\$ 182,430	Completed
Creegan & D'Angelo/F E Jordan JV	PIER 70 STRUCTURAL REMEDIATION REPORT	11/16/10	06/30/13	\$ 190,296	\$ 29,587	\$ 160,709	In Progress
Creegan & D'Angelo/F E Jordan JV	SEISMIC ENGINEERING STANDARD	06/22/11	06/30/13	\$ 171,580	\$ 110,794	\$ 60,786	In Progress
Creegan & D'Angelo/F E Jordan JV	PIER 38 BUILDING ALTERNATIVES STUDY	02/02/12	06/30/12	\$ 118,153	\$ 13	\$ 118,140	Completed
Creegan & D'Angelo/F E Jordan JV	HYDE STREET FUEL DOCK	02/16/11	07/01/12	\$ 107,785	\$ 11,403	\$ 96,382	Completed
URS/AGS JV	As-needed Engineering Blanket	08/01/09	07/30/13	\$ 1,500,000	\$ 837,456	\$ 662,544	
URS/AGS JV	Portwide Demolition/Fill Removal	11/03/09	06/30/13	\$ 15,393	\$ -	\$ 15,393	Completed
URS/AGS JV	On Call Project Scoping, Technical Advice, Peer Review & Plan Checking	12/01/09	06/30/13	\$ 25,000	\$ 23,000	\$ 2,000	As-Needed
URS/AGS JV	BSW CEQA/Permitting	07/27/10	06/30/13	\$ 49,845	\$ 7,530	\$ 42,315	In Progress
URS/AGS JV	Sea Level Rise and Mitigation Study	11/04/10	06/30/13	\$ 177,752	\$ 1,820	\$ 175,932	In Progress
URS/AGS JV	Sea Level Rise and Mitigation Study, MOD 01	05/25/11	06/30/13	\$ 9,200	\$ 4,600	\$ 4,600	In Progress
URS/AGS JV	Sea Level Rise and Mitigation Study, MOD 02	03/02/12	06/30/13	\$ 7,000	\$ 7,000	\$ -	In Progress
URS/AGS JV	Container Cranes Paint & Demo	05/05/11	06/30/13	\$ 34,917	\$ 10,119	\$ 24,798	Finalizing
URS/AGS JV	Physical Hardening and Advance Security Awareness Training	06/30/11	06/30/13	\$ 186,312	\$ 60,442	\$ 125,870	In progress
URS/AGS JV	ACCESS CONTROL SYSTEM (ACS)	08/25/10	06/30/12	\$ 157,125	\$ 2,188	\$ 154,937	Completed
Winzler&Kelly/SDE JV	As-needed Engineering Blanket	06/01/09	06/30/13	\$ 1,500,000	\$ 248,631	\$ 1,251,369	
Winzler&Kelly/SDE JV	PIER 35 SUPERSTRUCTURE SHED REPAIR	10/01/09	06/30/13	\$ 282,137	\$ 42,035	\$ 240,102	In Progress
Winzler&Kelly/SDE JV	ON-CALL PROJECT SCOP TECH ADVICE	12/04/09	06/30/13	\$ 25,000	\$ 13,857	\$ 11,143	As-Needed
Winzler&Kelly/SDE JV	ON-CALL PROJECT SCOP TECH ADVICE	02/03/12	06/30/13	\$ 75,000	\$ 49,950	\$ 25,050	As-Needed
Winzler&Kelly/SDE JV	PILE DRIVER #4 BARGE	06/17/11	06/30/13	\$ 119,374	\$ 26,405	\$ 92,970	In Progress
Winzler&Kelly/SDE JV	CHINA BASIN (FERRY TERMINAL) FLOAT REPAIRS	04/28/11	06/30/13	\$ 82,025	\$ 23,976	\$ 58,049	Project Delayed
Winzler&Kelly/SDE JV	Pier 35 NORTH BERTH IMPROVEMENTS	06/30/11	06/30/13	\$ 141,873	\$ 79,254	\$ 62,619	Completed
Winzler&Kelly/SDE JV	On-Call Technical Advice Engineering Services Related to AC34	05/16/11	06/30/13	\$ 150,000	\$ 62,312	\$ 87,688	As-Needed
Winzler&Kelly/SDE JV	MSP3 - P33 & P35 SPECIAL INSPECTION AND TESTING SERVICES	06/15/11	06/30/13	\$ 70,823	\$ 60,232	\$ 10,591	In Progress
Winzler&Kelly/SDE JV	SEISMIC ENGINEERING STANTDAR FOR PIERS	06/22/11	06/30/13	\$ 14,814	\$ 6,256	\$ 8,558	In Progress
Winzler&Kelly/SDE JV	PIER 35 DREDGING INSPECTION SERVICES	11/04/11	06/30/13	\$ 39,306	\$ 7,162	\$ 32,144	Finalizing
As-Needed Real Estate							
CBRE	Real Estate Econ Blanket	03/01/06	02/29/12	\$ 550,000	\$ 329,607	\$ 220,393	
CBRE	PIER 70 DISPOSITION	10/05/11	03/31/12	\$ 65,000	\$ 40,943	\$ 24,058	Finalizing
CBRE	Maritime Cargo & Industrial Land Use	10/08/09	03/31/12	\$ 155,393	\$ 7,776	\$ 147,617	Completed
Bay Area Economics	Real Estate Econ Blanket	03/01/06	02/29/12	\$ 550,000	\$ 325,716	\$ 224,284	
BAE	SWL 330 AND 337 DEVELOPMENT OPTIONS EVALUATION	08/05/10	03/31/12	\$ 58,560	\$ 14,887	\$ 43,673	Completed
BAE	AC34 TECHNICAL ASSISTANCE	07/01/11	06/30/12	\$ 116,705	\$ 37,259	\$ 79,446	Completed
BAE	PIER 70 BUILDING 113/114 MASONRY DOCUMENTATION	07/28/11	03/31/12	\$ 49,019	\$ -	\$ 49,019	Completed
As-Needed Environmental							
Tetra Tech	As-needed Environmental Blanket	08/01/10	07/31/13	\$ 1,000,000	\$ 859,472	\$ 130,528	
Tetra Tech	ENVIRON CONSULTANT P. 50 SOIL	12/02/11	07/31/13	\$ 20,331	\$ 5,310	\$ 15,021	In Progress
Tetra Tech	PIER 27 DEMOLITION OVERSIGHT	02/21/12	07/31/13	\$ 51,748	\$ 51,748	\$ -	In Progress
Tetra Tech	HERON'S HEAD PARK IMPROVEMENTS	02/24/10	07/31/13	\$ 21,120	\$ 21,120	\$ -	In Progress
Tetra Tech	PIER 27 CRUISE TERM- STORMWATER CONTROL PLAN	03/30/12	07/31/13	\$ 37,330	\$ 37,330	\$ -	In Progress
Weiss and Associates	As-needed Environmental Blanket	08/01/10	07/31/13	\$ 1,000,000	\$ 591,305	\$ 408,695	

Vendor Name	Description	Start Date	End Date	Total Amount	Remaining 03.31.12	Spent to Date	Notes
Weiss and Associates	UST SOIL AND GROUNDWATER INVESTIGATION SERVICES	02/09/12	07/31/13	\$ 199,823	\$ 149,157	\$ 50,666	As Needed
Weiss and Associates	MIGRATORY BIRD TREATY ACT SUPPORT FOR THE PIER	07/21/11	07/31/13	\$ 31,805	\$ 25,739	\$ 6,067	Finalizing
Weiss and Associates	PIER 90 ENVIRONMENTAL OVERSIGHT SUPPORT	01/12/12	07/31/13	\$ 12,981	\$ 10,731	\$ 2,250	As Needed
Baseline	As-needed Environmental Blanket	08/01/10	07/31/13	\$ 1,000,000	\$ 704,577	\$ 295,423	
Baseline	STORMWATER GROUP MONITORING	01/06/12	07/31/13	\$ 97,261	\$ 26,095	\$ 71,166	In Progress
Baseline	PIER 27 DEMOLITION ENGINEERING	02/03/12	07/31/13	\$ 26,584	\$ 26,584		In Progress
Baseline	STORM WATER ANNUAL REPORT AND COMPLIANCE SERVICES	04/29/11	07/31/13	\$ 7,500	\$ 269	\$ 7,231	Completed
Individual Contracts							
Design Media	Executive Coaching	06/01/11	10/31/11	\$ 10,000		\$ 10,000	Completed
Environmental Science Associates	ELR CEOA-Pier 27 Cruise Terminal	01/21/11	03/10/14	\$ 4,796,731	\$ 595,515	\$ 4,201,216	
ESA	PROJECT AT P 27 CRUISE SHIP # 10-61	03/28/12	03/10/14	\$ 3,814,820	\$ 595,515		Completed
ESA	PROJECT AT P 27 CRUISE SHIP # 10-61	06/28/11	03/10/14	\$ 725,674			Completed
URS Corporation	Develop a All-Hazard Waterborne Plan	10/26/11	04/30/12	\$ 419,927	\$ 193,439	\$ 226,488	Completed
FM3	Polling Survey	01/10/12	10/31/12	\$ 34,000		\$ 34,000	Completed
Public Financial Services	Financial Advisory Consultant	01/14/09	01/13/12	\$ 300,000		\$ 300,000	Completed
San Francisco Conservation Corps	Youth Employment	10/01/08	09/30/12	\$ 163,000	\$ 59,155	\$ 103,845	Exercising 1 Year Option
Thornton Tomasetti	Building Occupancy Resumption Plan	04/06/12	03/31/17	\$ 476,890		\$ 476,890	In Progress
Roger L Peter	Foreign Trade Zone Development	03/28/12	02/28/12	\$ 30,000		\$ 30,000	In process



SAN FRANCISCO PORT COMMISSION

**MAY 29, 2012
MINUTES OF THE MEETING**

GOVERNMENT
DOCUMENTS DEPT

JUN - 8 2012

MEMBERS, PORT COMMISSION

HON. DOREEN WOO HO, PRESIDENT

HON. KIMBERLY BRANDON, VICE PRESIDENT

HON. FRANCIS X. CROWLEY

HON. LESLIE KATZ

HON. ANN LAZARUS

SAN FRANCISCO
PUBLIC LIBRARY

MONIQUE MOYER, EXECUTIVE DIRECTOR

AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO' PORT COMMISSION

MINUTES OF THE SPECIAL MEETING MAY 29, 2012

1. CALL TO ORDER / ROLL CALL

Commission President Doreen Woo Ho called the meeting to order at 2:05 p.m. The following Commissioners were present: Doreen Woo Ho, Kimberly Brandon, F. X. Crowley, Leslie Katz and Ann Lazarus.

2. APPROVAL OF MINUTES – May 8, 2012

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. The minutes of the May 8, 2012 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 2:06 p.m., the Commission withdrew to executive session to discuss the following matters:

(1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative:**

a. Property: Seawall Lot 351 (located on the Embarcadero at Washington Street)

Person Negotiating: Port: Jonathan Stern, Assistant Deputy Director, Planning and Development

*Negotiating Party: San Francisco Waterfront Partners II, LLC: Simon Snellgrove

b. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development

*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

- c. Property: Piers 30/32 and Seawall Lot 330

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development and Brad Benson, Special Projects Manager

OEWD: Jennifer Matz, Ken Rich, Tansem Drew

*Negotiating Party: Golden State Warriors: Rick Welts, Jesse Blout, Michael Cohen

5. RECONVENE IN OPEN SESSION

At 3:27 p.m., the Port Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon made a motion to adjourn executive session and reconvene in open session; Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon made a motion not to disclose any information discussed in executive session. Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENTS: The Port Commission Secretary announced the following:

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

- B. Announcement of Time Allotment for Public Comments:

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

With the Port Commission's permission, Item 9B will be taken out of order and will be heard first.

Given the number of speaker cards, Commissioner Lazarus made a motion to limit public comment to 2 minutes. Commissioner Brandon seconded the motion.

7. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Two Ships in Port for the 75th Golden Gate Bridge Anniversary
The Port was very happy to participate by welcoming the USS Decatur, which is a 505-foot Destroyer. She arrived Friday, May 25, 2012 and was berthed at Piers 30-32 in celebration of the Golden Gate Bridge anniversary. As part of her being here in San Francisco, there was a change of command ceremony, which is a very official ceremony that the Navy and other armed forces undertake when a commanding officer is relieved by another commanding officer. That was a very exciting weekend for us. She sailed out today.

Equally exciting was the arrival of the USS Nimitz, which is a 1,092-foot aircraft carrier. She's visited us several times before, and she had on board, between her vessel staff and aircraft staff, 5,700 men and women who were able to come ashore for some well-deserved leave, and visit our city, and participate in the 75th anniversary. The Nimitz is berthed in the Bay and will be leaving tomorrow, so if you haven't had a chance to spot her, please try to get a good look at her.

The USS Iowa got a lot of media attention so I assume that most people know that the USS Iowa was towed out this weekend to its new home, from Suisun Bay to the Port of Los Angeles, where she will be turned into a museum. As you know, the USS Iowa was a World War II battleship, and a very important one to the defense of the Pacific. It's a little sad that she's leaving the San Francisco Bay area, but we're very happy that she's going to have a very good new home at the Port of Los Angeles.

- Results of May 13, 2012 Triple Header Cruise Day
As you may recall, on Mother's Day, May 13, 2012, four Princess ships were in port. We had three that were passenger-carrying vessels and a fourth that went into dry dock. We think that that is a fairly uncommon event, especially here on the west coast. We're very proud to be hosting these four ships. We had two berthed at Pier 35 for full turns, and so we are most grateful to all of our friends, neighbors, and colleagues who helped us to accomplish that. There was one berthed at Piers 30-32, and the fourth ship was in dry dock at Pier 70.

Combined, there were about 18,400 persons involved with these ships including all of the passengers. There were over 2,000 passengers on each of the three vessels. We needed to employ 300 longshoreman, 100 ground staff, and over 150 contractors. Between the crews, the passengers, and the services provided, 18,400 persons were at our waterfront on Mother's Day. It was a really great event, and we appreciate all of the support we got from the community, our other tenants, and the city family.

- Commissioner Kimberly Brandon, Honoree at the San Francisco Business & Professional Women's Club Sojourner Luncheon – June 16, 2012 at the Marines' Memorial Club and Hotel

I wanted to make sure that everybody knows that our very own Vice President, Kimberly Brandon, is the honoree at the San Francisco Business and Professional Women's Club Sojourner Luncheon on June 16, 2012 at the Marines' Memorial Club. The San Francisco Senior Club of the National Association of Negro Business and Professional Women's Club issued a charter under that name in 1970, and they have selected Commissioner Brandon to be honored as the professional woman of 2012. Congratulations to Commissioner Brandon. You're always our woman of the year. We very much appreciate everything that you do for us.

8. CONSENT

- A. Request approval of travel for two representatives of the San Francisco Port Commission to Newport, Rhode Island, to observe best practices for hosting the 34th America's Cup in San Francisco. (Resolution No. 12-49)

ACTION: Commissioner Brandon moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor. Resolution No. 12-49 was adopted.

9. PLANNING & DEVELOPMENT

- A. Request adoption of the required California Environmental Quality Act Findings and the Mitigation Monitoring and Reporting Program in connection with the development of a triangular lot located at Washington Street and the Embarcadero having an address at 8 Washington Street together with Seawall Lot ("SWL") 351 by San Francisco Waterfront Partners II, LLC, a Delaware limited liability company. (Resolution No. 12-46)

Request approval of the (1) Disposition and Development Agreement, (2) Lease No. L-15110 for a term of 66 years, (3) Purchase and Sale Agreement, and (4) Maintenance Agreement, all with San Francisco Waterfront Partners II, LLC, a Delaware limited liability company, (5) Trust Exchange Agreement with the California State Lands Commission, and (6) Schematic Drawings; all in connection with the development of SWL 351 and adjacent private parcel at 8 Washington Street (located on the Embarcadero at Washington Street). (Resolution No. 12-47)

Phil Williamson, project manager for the 8 Washington project - I'm very pleased to present staff's recommendation to adopt the required CEQA findings and to approve the transaction documents for the 8 Washington project, a remarkable opportunity to realize a vision for the Ferry Building Waterfront area, so well described in the Port's Waterfront Land Use Plan.

Specifically, today you will be asked to approve the CEQA findings, including mitigation measures and a mitigation, monitoring, and reporting program based on an EIR that has been certified by the Planning Commission and upheld by the Board of Supervisors. You will be asked to approve the principal transaction documents, consisting of the Disposition and Development Agreement, the Purchase and Sale Agreement, the lease, the Maintenance Agreement, and finally the Trust Exchange Agreement.

Since 2008, staff has been working toward the development of Seawall Lot 351 to fulfill the Port's Waterfront Land Use Plan for this site and for this part of San Francisco. Previous Port Commission resolutions provide important background information about the Port's actions regarding the project and related planning efforts as shown on this slide. In 2008, the Port Commission authorized issuance of a request for proposals, and in 2009, the Port Commission awarded the Exclusive Negotiation Agreement with a selected developer, San Francisco Waterfront Partners, represented today by Simon Snellgrove and Alicia Albin.

Over these past several years, Port staff and San Francisco Waterfront Partners have worked diligently towards a project that today we are pleased to present for your consideration and approval, a project that we believe represents the best opportunity to promote public trust objectives and to realize the vision of the waterfront plan by, among other things, creating important new visual and pedestrian public access, achieving a long-term solution to parking needs of the Ferry Building and the Ferry Building area, improving the visual quality of the area by locating parking underground, and creating an attractive mixed use development that enhances the land side of the Embarcadero and reconnects San Francisco with its waterfront. It also creates new parks along the Embarcadero, enhancing the waterfront visitor experience, provides visitor-serving retail uses, including a cafe and other restaurants, creates new view corridors to the Bay through the project, and creates significant structures that recognize, respect, and complement the historic structures on the water side of the Embarcadero.

Since Seawall Lot 351, shown here in red, comprises just a portion of the larger 8 Washington project site, to achieve these benefits that I just mentioned the proposed project is premised on a trust exchange. The proposed exchange involves removing the public trust from approximately 23,000 square feet of Seawall Lot 351, which is known as the Trust Termination Parcel, in exchange for the imposition of the trust on approximately 28,000 square feet of adjacent property that's not subject to the trust today. The city has the authority, subject to State Lands Commission approval, to exchange city property subject to the trust with public or private entities for property not subject to the trust should the state and State Lands Commission determine the land going out of the trust meets stringent requirements.

On this slide you'll see the requirements that Seawall Lot 351 does in fact meet, including that the Trust Termination Parcel has been filled and reclaimed, that it's cut off from access to the waters of the Bay, that the Trust Termination

Parcel represents a relatively small portion, less than 0.07% in this instance, of the granted tide and submerged lands that the Port maintains on behalf of the state, and that the Trust Termination Parcel is no longer needed or required for the promotion of the trust, that the trust termination parcel can be removed from the trust without causing substantial interference with other trust uses, and finally, that the trust parcel has a value equal to or greater than the value of the termination parcel. The trust termination parcel, shown through appraisal, to value at over \$7.5 million, and the parcel at the Port we'll be receiving as a trust parcel has a value appraised at over \$8.6 million, satisfying that requirement.

The public trust exchange makes possible the sale of the majority of the Seawall Lot 351 to San Francisco Waterfront Partners. For this sale, the Port will receive a \$3 million payment upon project stabilization, which is expected to occur in March of 2016. Additionally, the Port will receive transfer payments equaling 1% of the purchase price in perpetuity from and after the first, not including the first sale of each of the residential condos and commercial condominiums, excluding the new health club on the site. As a component of the land payment, the developer will also pay the Port \$120,000 per year for 66 years, commencing upon completion of the public improvements. This is adjusted every five years by the CPI with a minimum increase of 10% and a maximum of 20%.

Also, the developer will complete the public improvement and manage them, bearing responsibility for all costs for operation and maintenance. The developer will execute a 66-year ground lease for the construction and operation of a 4,000 square foot retail trust parcel to be operated as a restaurant or cafe. It could also be used for an incidental recreation purpose such as a bike rental facility. During construction, the developer agreed to pay the Port \$60,000 per year as construction period rent.

San Francisco Waterfront Partners will petition to annex their property into a project area of a port-wide infrastructure financing district (IFD) as a requirement of acquiring the trust termination parcel. The IFD is expected to generate annual tax increment in excess of \$3 million. Based on this estimate, and subject to an agreement with the city, the Port is drafting an infrastructure finance plan for this area that would propose the disposition of this increment.

The infrastructure finance plan (IFP) is subject to Board approval, will propose reimbursing the developer for up to \$5 million of qualified project costs for the public improvements. At project stabilization, the IFP will direct 50% of available tax increment to the general fund, and allow the Port to issue bonds utilizing 50% of the increment as debt service and debt service coverage. The project's financial benefits to the city are significant, and include \$2.8 million in new annual taxes and revenues, and one-time payments and fees in excess of \$15 million, as shown on this slide before you.

In summary, the proposed transactions guarantee short-term payments, enhance long-term lease revenue, and provide the Port with new mechanisms to participate in the long-term appreciation of this real estate asset. Given the

current state of the real estate and financing markets, the finance structure realizes the site's value by accepting payments at stabilization, and receiving long-term participation in the financial upside of the project, equating to \$14.3 million of net present value.

The major documents relating to the trust exchange, conditions to conveyance of the trust parcel, and the trust termination parcel between the Port and developer, include the DDA, the Disposition and Development Agreement, between the Port and the developer, a lease between the Port and the developer for the trust retail parcel, a Purchase and Sale Agreement governing the conditions for the conveyance of the trust parcel, Trust Exchange Agreement between the Port and State Lands for the realignment of the trust within the site, and a Maintenance Agreement between the Port and developer for the maintenance of the open space parcel.

The Disposition and Development Agreement (DDA) governs the conditions that must be satisfied prior to Port leasing the trust retail parcel, the obligations of the developer to construct the public improvements on the trust retail parcel and on the remainder of the site, the conditions for delivery of the project improvements, and the terms and conditions for the provision of public financing.

Anticipated relevant dates in the Disposition and Development Agreement include execution this summer, and close of escrow this fall in October, the commencement of construction next spring, we're aiming for April of 2013 and completion of public improvements at some point in October 2015.

Note that the developer may extend for up to two six-month additional periods the term of the close of escrow, with a payment of \$50,000 for each six-month period. Some more information on the lease for the retail trust parcel -- 66 years in term, approximately 4,000 square feet, permitted uses, as mentioned previously, recreation and restaurant, construction rent of \$60,000 per year, and once construction's complete, rent of 15% of gross revenues from the operation of the site.

The purchase and sale agreement -- the Port will convey portions of Seawall Lot 351 from the trust under the terms of the PSA, and the San Francisco Waterfront partners will convey portions of their property to the Port, subject to the PSA. San Francisco Waterfront Partners will develop the private improvements and record a parking covenant that permanently restricts a portion of the parking garage.

The Trust Exchange Agreement is with the State Lands Commission and the Port, and it sets forth the terms under which the State Lands Commission approves the trust exchange of the site and the Maintenance Agreement, guaranteeing for 66 years that San Francisco Waterfront Partners will maintain and operate the open space improvements.

The project documents have many guarantees. The significant guarantees include a guarantee of the \$3 million land payment, a guarantee of the replacement parking remedy, a termination fee guarantee that obligates the developer to pay Port a liquidated sum of \$250,000 should the DDA and PSA terminate prior to close of escrow, and finally, a completion guarantee for the lien-free completion of the project's public improvements.

Because of the competition from commuter parking in this area, parking for visitors is an important consideration for Port tenants in the Ferry Building and the nearby areas of the Northeast Waterfront. Since the opening of the Ferry Building, parking resources in the vicinity have been lost, including Ferry Plaza (36) spaces and the July 2008 closure of Pier ½, which had up to 48-space capacity.

Since the Pier ½ closure, the Port has made many small changes to parking in the vicinity, including expanding valet service in front of the Ferry Building, and expanding the availability of street parking by adding additional spaces on Davis Street, moving farmer's trucks off the street to free up customer parking, especially on Washington Street, and installing new higher technology meters that allow for demand pricing and can control the demand and supply.

Several other proximate parking resources are expected to go away in the near future, including parking surrounding the Agriculture Building, which could be up to 72 spaces and that's associated with the development of the downtown ferry terminal, phase two and the redevelopment of the 75 Howard parking garage, which there is a slated commercial development on that site, which would potentially eliminate up to 500 spaces. The closure of parking at Ferry Plaza, Pier ½, and the Agriculture Building are all consistent with policies in the Port's Waterfront Land Use Plan to locate parking on the upland side of the Embarcadero.

Parking for the public and residents of the project would be provided in a parking garage on three levels below the proposed buildings that form the project's southern edge. The proposed parking garage would include up to 389 spaces, including up to 255 public spaces to serve the Ferry Building area businesses, onsite retail, restaurant, and health club uses, and up to 127 spaces for residents. Of the 255 public spaces, a maximum of 175 spaces will be reserved to serve the Ferry Building area, achieving a long-term solution to parking needs of the Ferry Building and other businesses in the area, as well as a central parking location for visitors to the northeastern waterfront.

The parking garage improves the visual quality of the Ferry Building waterfront area by locating underground all of the currently existing spaces on the surface of Seawall Lot 351. Furthermore, after completion of the project and up to two years following the initial sale of the last residential condominium, the Port will have the right to purchase a portion of the public parking garage accommodating no less than 175 cars.

Convenient and efficient pedestrian access to the public parking garage would be through an elevator entrance along Washington Street, entrance to the east of the residential lobby, and an elevator entrance along Jackson Commons. Elevators would connect the private residential underground garage to the ground and upper floors of the proposed residential buildings. Vehicle access to the parking garage would be through a two-way ramp directly off of Washington Street, west of the residential lobby entrance. The curb cut along the Embarcadero would be eliminated, enhancing safety for bicyclists and pedestrians by removing existing conflicts presented by vehicles that must cross the popular bike lane and busy sidewalk.

The project includes 161 bicycle parking spaces and six car share spaces that would be provided along with showers and lockers for bicyclists' use, recognizing the bicycles continuing emergence as a principal means of transit for residents, area workers, and visitors.

A parking agreement with the master tenant of the Ferry Building was executed in 2001 to provide parking spaces for visitors to the Ferry Building at a number of locations, including Seawall Lot 351 and the Golden Gateway Garage. Given the ongoing retail and business enterprises in the Ferry Building area, parking may be temporarily impacted during the construction period of 8 Washington. As shown on the table, Port staff is working with stakeholders such as the Ferry Building to maximize parking availability during construction and fulfill Port obligations under our parking agreements. Staff has been discussing this proposal with the Ferry Building and is hopeful we can soon reach agreement for the interim parking needs and their long-term parking needs.

I'd now like to discuss project actions recently taken by the City's Planning Commission and Recreation and Park Commission, including certifying the final EIR, approving a general plan and zoning map amendment to allow increased height on a portion of the site, approving a planned unit development and a conditional use permit pursuant to the planning code, making determinations of consistency with the city's general plan, the joint adoption by the Planning Commission and the Rec-Park Commission of a resolution establishing a new absolute cumulative limit for allowable new shadow on Sue Bierman Park, and making a shadow impact determination after review and comment by the San Francisco Rec-Park Department and its Commission. In addition, the Rec-Park Commission determined at its joint meeting with the Planning Commission that the shadows cast by the project on Sue Bierman Park will not be adverse.

Based on detailed technical analysis, the additional new shadow is very small, approximately 0.00067% of the total annual available sunlight for the park. The amount of new shadow would not be significant, and the new shadow cast by the project would not adversely affect use of the park and its facilities.

As the lead agency for completing environmental review pursuant to CEQA, City Planning has taken the steps outlined in the table before you, resulting in a certified final EIR. Before the Port Commission can improve the 8 Washington

project, it must review and consider the information in the certified final EIR and approve findings in accordance with the CEQA findings. The CEQA findings are provided as an attachment to the Port Resolution 12-46 as part of this package and describe the project and the final EIR conclusions regarding the project's significant environmental impacts, required mitigation measures, alternative study in EIR, reasons for rejecting EIR alternatives and selecting the project, and overriding considerations that outweigh any significant environmental effects that cannot be remedied by mitigation measures.

As described in the CEQA findings, the project has been refined to reduce the number of condominium units from 145 units to 134 units, with a commensurate reduction in vehicle parking spaces for the residents of the project, from 145 to 127 vehicle spaces, and the addition of 134 bicycle parking spaces for the residents, in addition to 27 bicycle spaces for commuters. The environmental effects of this revised development program are addressed in the project variant impact analysis in the final EIR. The required mitigation measures to avoid or reduce significant environmental effects of the project are the same as for the project variant presented in a mitigation, monitoring, and reporting program (MMRP), which is provided as an attachment. The MMRP describes each required mitigation measure and how it could be implemented by the project sponsor, the Port, or other agencies or parties.

The CEQA findings conclude that with implementation of the required feasible mitigation measures, all significant effects on the environment from implementation of the project would be eliminated or substantially lessened. All mitigation measures identified in the final EIR that are applicable to the project are contained in the MMRP and recommended for adoption as part of this approval action. In approving the CEQA findings, the Port Commission determines that any remaining significant effects on the environment found to be unavoidable are acceptable due to specific overriding economic, technical, legal, social, and other considerations described below under conclusions and staff recommendation.

A brief overview of project benefits to the city and the region: The project has new housing for the city, 134 units. The project also funds affordable housing -- \$8.6 million will be paid as an in-lieu-fee payment to the city's mayor's office of housing. Additionally, the developer is contributing an additional \$2.2 million to fund housing in the city. The project has parks and open space, as discussed previously, new neighborhood-serving retail uses. The project greatly improves transportation, and pedestrian, and circulation improvements on the site that are currently blocked. The project has high land use and urbane design elements that redevelop an under-utilized urban infill site currently consisting of a surface parking lot and a health club surrounded by a 14-foot tall chain link fence. Finally, the project has economic impacts, including 250 construction jobs and 140 permanent employment opportunities supporting the project's new residential and commercial uses.

Project benefits specific to the Port include continuing the Port's efforts that began with the Ferry Building, Pier 1, and Piers 1 ½, 3, and 5, to revitalize the Port's waterfront and realize the vision of the Port's Waterfront Land Use Plan -- the Jackson Street and Pacific Avenue corridors, that will be reopened -- substantial benefits, including both one-time payments and ongoing payments, revenue from infrastructure financing district, as proposed as part of this project, underground parking facilities, including no less than 175 public parking spaces, a widened Drumm Street walkway, a distinctive waterfront design and presence, and a destination that appeals to residents of San Francisco and the Bay, as well as to visitors from outside the region, removal of the only curb cut on the inland side of the Embarcadero between King and Bay streets, and a design that complements the Embarcadero National Historic District.

Today's hearing is a major step forward in the continuing process of transforming the waterfront to the vision of the Waterfront Land Use Plan. The benefits of having this active new use on the waterfront will be enjoyed for many generations by residents and visitors alike. Additionally, the project will generate stable and new revenue to the city, and the region, and the Port. Should you approve the project before you today, the following additional approvals must be obtained before the Port will convey the transaction documents and before construction can proceed. These include State Lands approval of the Trust Exchange Agreement, approval by the Board of Supervisors of the lease, the Purchase and Sale agreement, the Trust Exchange Agreement, and the Maintenance Agreement, and the issuance of building and encroachment permits that allow construction to commence.

Beginning with the 2008 requests for proposals, the Port, working with its development partner, the city, regulatory agencies, and numerous stakeholders, has diligently pursued and patiently shepherded the development of Seawall Lot 351. Because of the importance of the site to the Port and the city, the agreements before the Port Commission and the public contain particular provisions to ensure that excellence and integrity of design, construction, and management are appropriate for this highly visible, highly valuable location.

Through the provision of market rate and affordable housing, new parks, expanded open space, vibrant retail, and an appropriate amount of off street parking, the Seawall Lot 351/8 Washington project completes the vision for the Ferry Building waterfront area carefully delineated in the Waterfront Land Use Plan, and so well expressed by the public-private investments of recent years at the Ferry Building, Pier 1, Piers 1 ½, 5, and 7, and the Embarcadero Roadway.

With great respect for these major accomplishments, Port staff respectfully request that you adopt the CEQA findings before you, that you adopt the mitigation and improvement measures and the mitigation, monitoring, and reporting program, and finally, that you approve the transaction documents and the schematic drawings.

Finally, it has been a privilege to serve as project manager on this project, and I would like to take a moment to recognize the many dedicated people I've had the pleasure to work with, fostering and nurturing SF Waterfront Partners vision for Seawall Lot 351, from Port staff director Moyer, Byron Rhett, Jonathan Stern, Diane Oshima, Brad Benson, and Kathleen Diohep, collectively and tirelessly have shaped this project. Grace Park and Joanne Sakai from the city attorney's office have provided legal counsel and direction on countless issues. From City Planning Director John Rahaim, Bill Wycko, Kevin Guy, Nannie Turrell, and Paul Maltzer have been outstanding professional colleagues. From the Recreation and Park Department, Lisa Beyer effectively explained the nuances of shadow analysis. Our development partner, San Francisco Waterfront Partners, tenaciously and graciously led by Simon Snellgrove and Alicia Albin, and capably assisted by Paul Osmundson, Julian Snellgrove, and their outstanding team including Craig Hartman from SOM. Thank you for your consideration of the proposal before you today

John Casey - I'm a long-term resident of San Francisco, although I'm not a native. I'm here supporting 8 Washington because of the many public benefits that it offers. Earlier this month I sat through the supervisor's hearings. I arrived there promptly at 1:30 expecting to be out of there may be at 3:00 or 5:00 and then at 8:00 and finally it ended after midnight. Fortunately, we kind of got what we wanted. I'm not a young man, and I listened to so many people who objected to this project due to the fact that their health wasn't good, and a swimming pool was there, and the tennis courts were there, and their arthritis would be helped, and on and on, and I thought, well, we've got to look at the good for the city here. Having lived here all these years, thank goodness the Embarcadero freeway is gone. Union Square has been rebuilt beautifully. All of these things have happened over the objections of many people. One thing that didn't change was the rebuilding of the cable cars. This is not a cable car proposal. This is simply this. The children who we've talked about who have been told have the opportunity to go to day camp there at \$100 a day right now or you can be a member of the club for \$1,000 maybe that's not true. The Port is going to receive \$100 million here. There's going to be bigger and better outdoor pools, and a new fitness building topped by a green roof garden.

Richard Rosenberg - I appreciate the opportunity to speak on behalf of the 8 Washington project. I have been a member of the Western Athletic Club for quite some time, and I've used the tennis courts, but yet I'm speaking for the project. I also have a law office close to Pier 31, and when I'm too lazy to walk, I use that parking lot that is currently open to the public. So I have a stake in the current disposition of the project or the current disposition of the status quo and also what changes might be made. It appears to me, based on what I've read and what I've seen and what I've heard, that the proposal by the Pacific Waterfront Partners and the Port, it's a vast improvement over the parking lot and the tennis courts that now occupy the site. This site has been virtually the same for the last 40 years, and the question is, is it going to stand for another 40 years as it stands now in its current devolving state? Based on the work of this same team just across the street, I don't see that it's much of a question about the kind of

project they can produce and have produced, to introduce a certain quality to the street. As the Port staff has just concluded, there are substantial amount of funds that are going to be brought both the Port and to the city, money that can be used to help other projects down on the waterfront. The opponent spin on this project has been that it's just for the one percent, and the implication is that the current project, the status quo has been for the underprivileged, and this hardly can be the case, as you've just heard some indication of that. The current situation is a private tennis court and private parking, which I'll just end as Johnny Cochran might end -- is that the status quo has to go.

Paula Hewitson - I'm a neighbor who lives along the waterfront who became interested in this project about a year and a half ago and began following newspaper reports. I've attended numerous of these sessions. I was very open-minded and remain so, but I do believe that 8 Washington is the right project and this is the right time. We're just stepping all over each other, can't get out of our own tracks. We need to move forward with this. It's a good project for the city of San Francisco.

Alan Mark -- I'm the President of the Mark Company. A key part of our business is focusing research on residential housing in San Francisco. Right now the drop in new for sale housing has been 70% since the peak in 2007. By the end of the year, the drop will be about 80%, end of the first quarter next year about up to 90% of drop. The great thing about this project, it offers a lot of benefits. But the four salient benefits of this project are: (1) a brand new park; (2) no maintenance costs; (3) \$11 million toward affordable housing, and we know there's no redevelopment agency; and (4) a final solution to the issue and dilemma of parking at the Ferry Building. I do think that the staff and community have worked really hard over decades planning for the use of the waterfront. I think this project really represents what has been intended and what has been in mind that it would be an asset to the waterfront. I strongly urge the commissioners to support this as I do.

Danny Campbell, Sheetmetal Workers Local Union 104 - I just wanted to say to you that this is a very smart project. As I said before the Board of Supervisors, it's a really good project for the city, many great benefits to the Port as well as the city, and I just hope that today you move forward and adopt the CEQA findings on behalf of the approximately 8,000 women and men of Sheetmetal Workers 104.

Janet Lautenberger - I'm a Bay Area native and an 18-year resident of San Francisco. I'm one of the thousands who have spoken in meetings, written our elected officials letters, and signed petitions in opposition to the 8 Washington development. I ask that my statements be made as part of the public record here today. Despite the constraints that are always placed on those of us who oppose this project, we have tried to explain to you that there are numerous reasons why the proposal is not in keeping with a cohesive vision of our unique and world famous waterfront area. We have explained how it will ruin an important and close knit San Francisco neighborhood and destroy a citywide recreational

community and its assets. We have argued that a 400-car parking garage is not what a transit-rich city needs, and we have argued against the height and bulk limits that have stood for years and are now being ignored. The public has spoken very loud and clear, but no one seems to be listening. We have tried to explain how there are alternatives that could provide a truly smart waterfront development that does not have a devastating environmental impact on this area. We have tried to explain why this proposal for exclusive, outrageously expensive residential housing does not comply with either letter or the spirit of the public trust, but you do not listen. We do not believe that this is a good financial deal for either the city or the Port when you look at the details. It is illusory, and much of the financial details have yet to be seen or explained, but you do not listen. Our lawyers have tried to explain how this proposal breaks past promises to the citizens of San Francisco and why it should not be approved, but again, people do not listen. So we have come to one conclusion. Rather than waste our breath this afternoon and engage in one more meeting that proves to be an exercise in futility where we speak but no one listens, I speak on behalf of FOGG and those who oppose the 8 Washington development when we stand up, walk out, and conserve our energy and strength for the next step in this battle. Please know we are steadfast and unified in opposition to the 8 Washington development and have plenty of fight left to try and save the future of our city's beautiful northern waterfront area before it is too late.

Marianne Wallace - I'm an over 30-year resident of San Francisco, and I guess I'll be walking out too, but since it's my turn, I'll go ahead. I'm against the proposal. It seems especially imprudent to increase the height limit at the waterfront in San Francisco. Once it's done, it's easy for another developer to use this as an excuse to have another taller development, and this seems very dangerous and lacking in respect for the waterfront. It also seems dangerous to plan an underground garage on landfill at the waterfront. That seems insane and why is it being handled by a Delaware LLC? How are they guaranteeing upholding their agreements? How are they securing that? What happens if it dissolves? There are already many unused retail opportunities in San Francisco that the rents are too high, and I bet these rents are going to be too high too. I'm against this. Please vote against it.

Corinne Woods - I've followed this project since the beginning. I went to every single community meeting on the Northeast Waterfront planning study. It's a tremendous project. The developer has done an excellent job of rethinking it every way that needed to be done all the way along. Let's move it forward.

Toby Levine - I'm a retired planning commissioner. During that time when I was on the commission, I was also on the Waterfront Land Use Advisory Board. During that time, we spent six years developing Proposition H mandate to plan the waterfront. The plan was finally adopted by the Port Commission in 1997. Subsequently, advisory groups were established throughout the waterfront, and I'm currently the co-chair of the Central Waterfront Advisory Group. Like Corinne, I've been following this project for what seems like years and I feel that

it really is going to be a significant project for the Port, and it's going to be a very beautiful addition to the waterfront. It does conform very readily with the Land Use Plan. I've listed for you the public benefits, which people have been talking about. For me, perhaps the most important public benefit is the one that has to do with reuniting the city with the waterfront that is opening up those two streets that have been blocked and inviting people to come from other neighborhoods to the waterfront. This was something that was foreseen in the waterfront plan, and hopefully can now finally be implemented. Insofar as the heights are concerned, I think that a very balanced approach has been taken of doing a PUD and balancing the heights throughout the project so you really do not have a major impact across the entire lot. At the same time, the Waterfront Partners has contracted with a masterful and graceful architect, and they will benefit us for many years to come. Thank you very much, and please vote for all the amendments that you need to vote today.

Michael McKenna - I represent the International Brotherhood of Electrical Workers, Local 6, and 2,500 members working here in San Francisco. I am also a native San Franciscan, and began my career on the waterfront in the ship repair industry. The changes that I've seen across the Port in the last 25 to 30 years, with the removal of the Embarcadero freeway, the rebuilding of the Ferry terminal, the developments at South Beach that were not communities until they were built, and I've seen this project and walked it through various stages of planning and Board of Supervisors, and to me, it seems like a great project. It seems as though the height limits address the existing height of the Golden Gateway Towers, which begot the height limits in the first place because of the way that they were built, and transition down the way that the Golden Gateway Commons and add parking, and to add the new park and the access to the waterfront. It seems to me as the best design and the best project in use for the areas that were made available from the removal of the freeway. To have surface parking lots dotted along the waterfront is really a detriment to what the Port and what can happen here with the waterfront. I urge you to move this project forward, and I thank you for your time.

Michael Theriault of San Francisco Building and Construction Trades Council - To Ms. Levine, I would say it doesn't just seem to be years; it really has been years. Looking at this commission, to my recollection, the only commissioner who's been here from the beginning is Commissioner Lazarus, if I remember correctly. Well, commissioner, you were here from the very start also? It seemed to me you came on afterwards, because this has been going on an awfully long time. I've been here from the beginning of it too, talking on behalf of the project. You have all had at this point, I'm sure, the environmental impact report dropped on your desks with a good basso profundo thud, and you have had a chance to examine it. You know that the Planning Commission has approved it. You know that the Board of Supervisors has vetted it in the course of an appeal, and approved it and I ask you to approve it also. You know that this project is good for the city. You know that this project is good for the Port. You know that it brings you long needed revenue. You know that it gives us in the trades work in the short term, and sustains work at the Port in the long term. You know that it

excludes nobody from the city. You know that it brings affordable housing to the city. You know that it actually provides an alternative that might prevent displacement in other neighborhoods by giving rich folks a place to buy here on the waterfront. So I'd say it's time, after all these years. Please approve the project.

Shaye Dively of Morrison and Foerster - I'm here on behalf of Equity Office Properties. For 10 years, EOP has been the steward of the Ferry Building, and has transformed it into the jewel of the San Francisco waterfront. From the outset, dedicated parking was recognized as essential to make the Ferry Building successful. That is why when EOP entered into the lease for the Ferry Building, it insisted on a parking agreement, assuring parking for the Ferry Building tenants and patrons, dedicated parking that's now located on Seawall Lot 351. The project proposed by the Port and San Francisco Waterfront Partners remains inconsistent with that legal commitment. A covenant reserving 90 spaces in the project's proposed parking garage for waterfront visitors would not satisfy the parking agreement. Any parking must be dedicated to the Ferry Building under EOP's control. Further, the project as currently proposed does not make any provision for temporary replacement parking during construction. Port staff did not meet with EOP to discuss these matters until last week, and there has still been no proposal that would meet all of the city's immediate and long-term obligations under the parking agreement. It's discouraging that this remains unresolved for this long. For these reasons, the Ferry Building cannot support this project as proposed. The project as proposed would violate EOP's rights under the parking agreement and harm the local businesses who make the Ferry Building marketplace what it is today. It is premature for this Commission to approve the project as currently proposed until the city's obligations to provide to EOP adequate Ferry Building parking are fully satisfied and incorporated in legally binding form into the project. There is nothing about this project as currently proposed that is so important to warrant the city's breach of the parking agreement.

Cameron Deal - I'm here to read a letter on behalf of Will Travis. After spending 16 years as the Executive Director of the San Francisco Bay Conservation and Development Commission, as my first civic act as a civilian, I offer my unqualified support for the proposed 8 Washington project located on Seawall Lot 351. I will not dwell on the many other public benefits of the project, its consistency with the community planning goals, or its outstanding architectural design. Instead, I will stress the role it will play in making San Francisco's Embarcadero a truly world renowned urban boulevard. I am very proud of what BCDC accomplished during my tenure through our partnership with the city and the Port of San Francisco. The waterfront today is remarkably different from what it was two decades ago, in large part because the city, the Port, and BCDC built on our shared values and coordinated our planning and regulatory processes to attract enlightened developers to implement our shared vision. The result is an attractive, vibrant, and ever-growing urban landscape that is being built on San Francisco's historic piers along the Embarcadero. However, a world-class grand boulevard requires excellence and complementary structures

on both sides of the roadway. Some parts of the Embarcadero have this. In other places, parking lots, chain link fences, and non-descript structures form the inland border of our hoped for magnificent boulevard. The 8 Washington project will replace one of these stains with a beautiful structure that will complete the frame around the composite of exciting public open spaces at the foot of Market Street.

I have learned that in politics, there is nothing more powerful than the status quo. However imperfect current conditions may be, we have learned to live with them. On the other hand, any change is measured not against its benefits, but by its possible flaws. Whatever flaws the 8 Washington project may have, and if there are any, they are few and minor. It will replace an unwelcoming design blemish with architectural excellence. Therefore, in your consideration of this project, I urge you to recognize that among its many other benefits, it will achieve a major urban design objective.

Veronica Sanchez – I'm speaking in support of the project on behalf of the International Organization of Master, Mates, Pilots and the Inland Boatman's Union, the marine division of the ILWU. You have seen me up here many times over the course of several years during the planning process for this project, because even though our unions are the crews on the ferries and certainly our interest is on what happens on the water side, we care about this project very much, because it is the linchpin for phase two of the development of the downtown ferry terminal. Our union spent a lot of resources and a lot of interest trying to get the capital from the state, from the bridge toll monies, way back in 2004, over \$20 million to get this project going, and have worked with WETA to attract more state resources to get the ferry terminal project going. We need more docks there for the new routes that are going to come online, for Treasure Island development, and for emergency response. The project at 8 Washington is the linchpin because it provides the parking that's going to be needed for replacement parking, which is going to be lost from the project development and from removal at the Agriculture Building. I certainly ask for your continued support on this project and ask for your vote on it, and hope that we can finally get those docks going and use those scarce state resources finally for this project.

Nicholas O'Neil - I'm an immigrant to America, proud citizen. I'm sure you're all aware of the song with the line, they paved paradise to put up a parking lot. It seems to be a case of that in this instance. I'm sure you're also all familiar with the film Chinatown, about the historical corruption in politics and how LA was built on it. It's terribly dismaying to see what seems to be a similar process taking place here in San Francisco. I had dinner with a developer, a much larger developer than our gentleman here, in January of this year who assured me that this was a done deal. I said, no, no, it hasn't gone to the supervisors. It hasn't gone, he said, forget about it. There's a power broker in Chinatown who has the mayor in her pocket, who has the Board in her pocket. He didn't say that she had the Port in her pocket but said it was a done deal and that we were all wasting our time. I hope that isn't the case. This seems to be the last chance,

the last stop to prevent such a farce taking place. It reminds me, on a, I guess, much smaller scale, of how in the 20th century in Venice, Italy, they intended to, believe it or not, fill in all the canals so as to allow cars into the city of Venice. I'm not suggesting that this club compares to that city, but I think the principle pertains. That's it. I would urge you not to vote in approving this project, and I would also like to support some of the last things that were said about the very dodgy presentation in terms of parking.

Ezmay Caplan O'Neill - I'm here to go against the pool going down. Me and my twin sister, who's actually at the pool right now with my mom swimming, have been learning how to swim there since we were eight months old. If you close it down, it would be like closing down my home and I really would not like that to happen. So I'm very much against that happening. I hope you vote that not to happen. I really, really do.

Nan McGuire - That's a hard act to follow. I'm going to approach this from a slightly different angle. I've come to Port Commission hearings over the years, and I always hear about the need for revenue. I think one of the reasons and the only reason that the Port has had real problem generating revenue was a very bad decision made in the '60s by the then mayor Alioto and his administration. A lot of people liked Mayor Alioto because he was kind of a nice guy. I didn't live here then. I knew his wife. He made a bad decision that affected the operation of the Port for over 50 years. You are about to make a decision. I've also heard that the deck is stacked and that's going to affect the city in a very bad way, and it's going to be your legacy. I know when you sit in those positions, you'd like to have a nice legacy for the work that you've done, and I'm sure you've done a lot of good work, but this city is headed in the direction of a city that welcomes the super wealthy and the very low income. The middle class is being squeezed out. When these 134 units are going from \$3 million to \$10 million, it's obscene. I don't think the \$10 million or \$11 million that Mr. Snellgrove is giving for affordable housing is very much when I've been told by a fairly reliable source that he will make a profit of somewhere between \$200 and \$300 million. So think about your legacy and think about what this really means to the city of San Francisco.

Tim Colen - On behalf of the San Francisco Housing Action Coalition, we've been coming to meetings on this for six years. In spite of the weeks of overheated rhetoric, what's before you is really a very simple land use question. Should Seawall Lot 351 be put into mixed use development as has been proposed, or should it be preserved as a surface parking lot? It is regrettable that CEQA is being misapplied and misused now by the project opponents to assert that preservation of a surface parking lot is a higher environmental use than what's being proposed by this project. From our perspective, the \$11 million in-lieu-fee payment for affordable housing is highly unusual outside of redevelopment areas. That's a lot of money, and it goes to the Mayor's Office of Housing that's effectively broke right now, and can be leveraged two, three, or four times to subsidize housing at a time when subsidies for affordable housing is collapsing. What's before you is whether to choose a land use that brings the

enormous physical and financial benefits to the entire city that this project does, or to preserve a parking lot for the benefit of a privileged few. I think after many years of going through the process, it's time to move forward and choose right for the city.

Wendy Lester - I work for Sotheby's, and I'm also a mother here in the city with my family. I support development and building all over the city. I think that we have a limited resource here, and we have such limited housing and inventory that I think that the highest and best use for this area would be the project. I also worked on the Watermark, which was a Port project that was very successful. I can tell you that it continues to thrive as a community. I am determined to keep my family here, and my little boys are going to be enjoying the pool this summer. If we have to pull back and go to another pool for two years while we get a better facility, we're all for that.

Brad Oldenbrook - I represent Shangri-La Construction, Development and Power. I want to reiterate a couple of points that have been made that truly believe from this standpoint that the opposition has had years to disclose and express their concerns. The developer has responded in a way that considers and creates a project that's approvable. The challenges to the EIR, based on open-ended study, have been addressed. I think it's now established the project as a good project, a project that's fitting for the environment, the community, and for San Francisco as well. I am speaking in support of a developer that's standing up at a time when not too many developers are standing up to build for sale housing. By approving this project, the message is that we're still in business and we welcome that.

Jeanine Moss - I am an architect and principal in a firm located in downtown San Francisco. For years I worked on the Embarcadero and am intimately familiar with the challenges it presents. I am pleased to be here on behalf of the many individuals who have worked effortlessly for years to support the thoughtful development of their waterfront communities. Without equivocation, I am in favor of the 8 Washington project, and encourage your unanimous support. There is no doubt this project represents sound planning principles, historic sensitivity, acknowledgement of open space requirements, and connectivity between neighborhoods and the Bay. The city must make bold steps in order to ensure our waterfront's viability and success, and 8 Washington does just that. At the end of the day, this project supports what many cities search for, particularly San Francisco, a template for creation of extraordinary experiences at the waterfront, tempered by thoughtful guidelines regarding site design, building massing, and pedestrian access. To be sure, a tennis club and asphalt parking lot surrounded by fencing and green netting don't belong on San Francisco's beautiful Embarcadero. San Francisco residents and visitors alike deserve the opportunity to find new and repurposed uses for our urban fabric. The water's edge needs to continue to evolve with dignity and grace. After over six years of design, Planning Department involvement and public participation and comment, two residential buildings now step back from the Embarcadero, with views from the waterfront to the urban fabric preserved. New underground parking spaces, a

health club with living green roof, retail and public open spaces will be complemented by reestablished sight lines and public access. Let's not forget the many units of subsidized, affordable housing funded offsite as part of this process. This project should be approved.

Roger Wong - I'm a resident of San Francisco for over 35 years, and I'm also a principal in architectural firm here, doing a lot of waterfront development, have participated in design of Piers 1½, 3, and 5. I want to make a couple of points. Number one is the public amenity give back this project gives is great. It's preserving the true open public space, which is the public promenade, and we're talking about spaces that people can actually walk into. There are no fees associated with this. There are public playgrounds open for everybody. The fallacy is the club is not really going anywhere. The pools will be remaining. I've seen in the many years of its development, as the design has changed, some of the community meetings that were held in this very room I participated in, and I've heard many comments from the public asking for enforcement of the westside walk, asking about security issues, asking for things that will actually support families and middle-income families, which is a public playground. That was one of the comments that came from my committee comments, and I'm happy that it got retained into the project. There are comments about relocating, massing, and the appropriate massing. We always forget, I think this project is maybe under massed, because if we want to truly support public transit, I think we have to support an appropriate amount of density development here. I'm looking at the massing. I think it's very appropriate. I think maybe even a floor or two is appropriate. I also hear comments about not providing residences for middle family, but the amount of money that we're getting will appropriately fund more affordable housing units elsewhere in the city where it's more appropriate. I urge you to support this project.

Dave Osgood - I was outside when the walkout happened, unfortunately I couldn't walk out with them, so you're stuck hearing my comments. I wish I could have. I think that said more than anything you've heard in the room. This port is totally disrespected by the community, and the fact they had to walk out says it all. All you've heard from is just one special interest after another. It's embarrassing. I'm embarrassed for my hometown, like the last speaker, all platitudes and very few specifics. Let me give you a few specifics. The height limit is reason enough to oppose this project. It's too high. You know the people of San Francisco do not want their waterfront overbuilt. I would also question about the storefronts. You're going to have a bunch of empty storefronts along the street. Is that what you want, like down at Delancey? Let me get out some assignments here. Ms. Ho, when you vote for this, I'd like for you to explain about the storefronts, just that one issue. It's like the chicken and the egg. Who's going to locate a store on that street over there? Now I guess you'd say, well, you're activating the street. Well which comes first? Are the stores activating the street, or is street activation going to bring in the merchants? I think you're going to have a bunch of empty storefronts there, and that is not good. One reason this commission is so disrespected, I can't help but bring up what you did at Rincon Park. You're going ahead and building on Rincon Park, completely

ignoring the promises you made to the public to abide by their wishes, by the CAC wishes on the new extension at Rincon Park. What can I say? You need to start getting some public credibility again and oppose this project.

Trudy Loscutoff - I've been asked to present this petition on behalf of a lot of waterfront merchants, including many of which are located here in the Ferry Building. Many of them are busy as it's business hours right now so they asked if I could come read this. The petition says please approve 8 Washington. Let's move forward with the waterfront's transformation by approving a vibrant waterfront community of residential housing restaurants and retail, new public open space, a rec club, and underground public parking. The businesses that have signed on this petition are the Slanted Door, the Gardener, Heath Ceramics, Pepples Organic Donuts, SF Bay Crossings, Sur La Table, Ciao Bella Gelato, Far West Fungi, McEvoy, Prather Meat Company, Ferry Plaza Seafood, CUESA, Rechhutti, Farm Fresh To You, Stonehouse Olive Oil, Acme Bread, La Mar, The Plant, Culinaire, Pier 23, Hotel Vitale, Frog Hollow Farm, and others.

Sue Hestor – Speaking on behalf of FOGG, you have a recital in your resolution that you're widening the sidewalk along the Embarcadero. You're actually narrowing the sidewalk by one foot from what exists now. No one bothers to actually check these things, but we've measured it. It's being reduced along your site. This is one of the first projects that has sea level rise. You don't address who bears the financial burdens. When the sea level rise happens in your parking garage, are you all going to have wiped out positions? Who is going to lose in that one? The entire design of the recreation facilities is really up in the air, and this is a replacement of a tennis and swim club, and yet the resolution that was approved by the Planning Commission says that this is to be deferred, the entire swimming apparatus, no final design in the resolution. This is a project that is way over-parked. The only parking should be the amount of parking that is done to comply with the law for housing, which is one to four, and the replacement for the Ferry Building. You're approving a PUD after a PUD has already been approved, and the conditions in the PUD said that they didn't apply to the Port property on all of the recreation. What is on the overhead is the Port site. That is the new Port property after the land swap. That is a Swiss cheese weird site. That's your site that you're bargaining for. None of that is covered by the Planning Commission's resolution on open space, and it says it's not. It was language that was inserted at the end. So you have a PUD, which is supposed to be an integrated development that really focuses on open space, that you asked the Planning Commission to take out of its resolution a requirement of the conditions on open space, and you're not putting them back. I don't see how a PUD can be approved after the fact at this case.

Jim Chappell, representing SPUR, the San Francisco Planning and Urban Research Association, a member-supported planning and good government organization of now almost 6,000 members. I've been to virtually every community meeting on this project. I urge the commission to adopt the CEQA findings and approve the required transactional documents today. There are tremendous benefits of this project to the Port and to the city -- 134 dwelling

units, \$11 million for affordable housing, essentially the only source of money for affordable housing in the city today -- an acre of parks, resident-serving retail, superb urban design of appropriate height limits, reopening pedestrian corridors to the Bay, enormous revenue to the Port and the city, and beautiful architectural design, and a superb developer with a great track record. Your Port staff has negotiated a very favorable financial agreement for the Port and for the city. It's a significant project for the Port, and I urge you to vote all approvals today. The debate has gone on far too long.

Commissioner Brandon - This has been a long process. This may have been one of Director Moyer's first development deals when she joined the Port, and we started the workshops, trying to find out what the community wanted, what the concerns were, and vetted all sides. It was apparent from the beginning that regardless of what happened, we would never all come together and this would never be a perfect project. However, this project has come a long way since the beginning, over the many years, and I feel comfortable supporting this project because of what it's going to bring to the waterfront. I park at Seawall Lot 351 every day, so I know what more could be brought to that site. To have someone bring this opportunity to us, and provide the parking that's needed, provide open space, provide a children's playground, provide money to the affordable housing fund, bring all these benefits to the Port, I support the project. I want to thank the staff, because this has really been a long process, and they have done a lot of work on this.

Commissioner Lazarus - Just as the second longest tenured commissioner here, I would absolutely echo everything that Commissioner Brandon said, and would also say if it's good enough for Will Travis, it's good enough for me.

Commissioner Katz - There's a number of people whose opinions I respect, and I guess sort of the old adage that when you reach an agreement, you know it's good when everybody's upset. I think we've gotten to that point where everyone has weighed in, and nobody's completely happy with everything. I guess that means we've come to a good point. I do know a lot of staff time has been put into this to be very creative on how the Port can benefit from this project. I, for one, am particularly pleased that we'll be getting more open space there. We won't be having a parking lot sitting right in that prime location. The fences that have hidden a lot of the open area there will be coming down, so I'm pleased about that. I also want to note and it's come up a little bit, although I think the people that are concerned have walked out but the issue about children swimming at the pool. I have to say that when I spoke with the project developer and there are big issues and there are small ones. Perhaps this may seem like a small one, but as we fight to make sure that families stay in San Francisco and have amenities, this is one area where we can help on that. I spoke to the project developer and it's now about the loss of the summer camp for kids while the construction is going on, and it's my understanding that the developer worked out a deal for the summer camp to be able to carry on in another alternative location during construction. I appreciate those efforts, because it's the small things that demonstrate what we'll be seeing as well. Nothing's perfect,

but I think all of us have asked a lot of questions. I know we've read quite a bit. I just again want to thank all of our staff for all the hard work they've put in to coming up with something that I think will really benefit the Port in the long run.

Commissioner Woo Ho - I probably am the newest commission that has been with this, since I only joined about a year ago. Everything has been said about all the benefits of the project. I have to say that I think the process has been extremely thorough, in terms of in all the community meetings, and having heard from the public. I agree that there are some things that we can never make perfect for everybody in terms of some of their perspectives, but I think for the overall good and some of it is the temporary disruption as well as what happens in the long run but I think for all the benefits that we do and we hope that we can continue to talk to those that do have issues. I have found that all the parties involved, the mayor's office, our Port staff, the developer, have all been willing to come to the table, and that includes even our parking in the Ferry Building. I believe that we are trying to work on solutions, and that we are here to make this happen and resolve these issues for everybody. We are working very hard to that objective. I again want to thank the staff because they've worked very hard. I will say one thing that we have listened. There's been a lot of listening going on. Obviously sometimes things don't always turn out exactly what you want, but we've tried very hard to make most of the things that have been brought up brought to bear, and on the legal side as well as far as making sure that we have the right grounds to move forward on that as well.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. Resolution Nos. 12-46 and 12-47 were adopted.

- B. Request approval to appoint the Office of Economic and Workforce Development as lead negotiator on behalf of the City and Port in all negotiations with respect to the proposed Warriors Arena Project at Piers 30-32, Pier 70 Projects and Mission Rock Project at Seawall Lot 337 and Pier 48. (Resolution No. 12-48)

Monique Moyer - This is a resolution that is to formalize the working relationship that we've had with the Office of Economic and Workforce Development for some time now. Most successfully and best known were our recent negotiations, for the last two years, the America's Cup bid, Host and Venue Agreement, followed by the Lease Disposition Agreement, and the eventual events.

That model has worked really well for us. As you know, a number of these projects entail a great number of departmental inter-cooperation and interagency cooperation. We ourselves usually coordinate with more than a dozen regulatory agencies on any given project, as well as half a dozen or so departments. In keeping with the informal model that we've had for some time, this resolution would clarify that the Office of Economic and Workforce Development would be the lead negotiator with Port staff for large projects that are pending before us right now. That would be the two Pier 70 projects -- the waterfront development

project and the historic buildings project -- as well as the Seawall Lot 337 project with the San Francisco Giants, and the proposed project at Piers 30-32 with the Golden State Warriors. Jennifer Matz from the Office of Economic and Workforce Development is here to address the Commission.

Jennifer Matz – Mayor Edwin Lee has recently asked the Office of Economic and Workforce Development to play a lead role in the negotiations for the Giants Seawall Lot 337, Pier 70, and the potential for the Warriors Arena on Piers 30-32, because these are extraordinarily complicated projects that involve multi-jurisdictional, multi-department cooperation in order to meet the timelines and the goals of our partners. The idea being that in order to successfully see these projects through, the Planning Department, the MTA, the Public Utilities Commission, Department of Building Inspection, all need to be pulling in the same direction with the Port.

Oftentimes these transactions involve pretty complicated financial structures, and the mayor very much wants to see the full weight and the potential of city resources being brought to bear on these projects. These projects are, of course, first and foremost on Port land, but they do envision either expanding or creating whole new neighborhoods, or adding real infrastructure to neighborhoods that affect San Francisco as a whole. So what we see is this is a real partnership. The Port will obviously be an integral partner in all of these negotiations, looking out for both the Port's best interests, as well as leading conversations with regulatory agencies that directly interface with the Port, like BCDC and State Lands. It also affords an opportunity for city resources to be better brought together and coordinated as we try to create these successful complicated deals.

Corinne Woods - I'm not sure how I feel about this formal arrangement. Having worked on the Seawall Lot 337 project for several years and Pier 70 for more than 10 years, I get the fact that interagency cooperation and coordination is really critical, and if the mayor's office has a better chance of knocking heads together, great. I hope everybody remembers that you're not just negotiating with the developers and with other agencies. The community needs to be involved in all of these negotiations. The Port has done a really good job, whether or not today's going to really show it off, at community engagement. OEWD has not had the benefit of the kind of community involvement that the Port has seen over the years, and I want to be sure that OEWD, the Port and everybody understands that the community has a huge stake in all of these projects. The blogosphere for the last week has been unbelievable about the arena at Piers 30-32. The community feels they want to be involved. They have a tremendous amount of knowledge and information about what worked at the ballpark, what hasn't worked, the kind of things that we feel need to be done better. If we're going to have an arena at Piers 30-32, we've got cumulative impacts up the wazoo with the 337, Mission Bay, arena projects, and Pier 70 on top of it. Please don't forget us.

Alice Rogers - Luckily, Corrine has spoken to every point that I need to make. I just want to reiterate, as part of the Board of the South Beach-Rincon-Mission Bay Neighborhood Association, that we've had a very good relationship with all of the public agencies that we've dealt with, and we would sincerely hope to be included at the table through the long course of the working negotiations to develop this project. Having lived here before the Giants' stadium was built, I can tell you that the mitigations are exceedingly important. They haven't worked well with the Giants, and I think we can do better.

Toby Levine - I'm the Co-Chair of the Central Waterfront Advisory Group. I agree absolutely with Alice and Corinne in what they have said, but I'd also like to add that Pier 70 is an incredibly complex project that requires a great breadth of know-how and information and finesse, and all kinds of things. I would hope that if this does transpire, that the Mayor's Office of Economic and Workforce Development plan on gearing up. It means that they're going to have to hire new people in order to undertake all of this work. I just hope that they have been informed especially Pier 70 about the complexity of that project. If in fact they are able to bring together the resources that are needed to complete that project, I say go for it but I hope that some caution will also be delivered to the mayor's office.

Ernestine Waters Weiss - I highly approve of the Warriors coming here, and the Giants. As you know, I've supported them from the get-go. That is where your money is. It is not on this little 8 Washington that you're making such a big deal out of, which is going nowhere. You're not listening to the people. I agree with Corinne. You should listen to the people in the community, because they know better than you what fits. As a creator of open space Ferry Park, I had the vision and the leadership to know that you needed open space here. We don't need development that's deleterious to the Port and the neighborhood. Please listen to the people. Look at the amount of people here trying to help you do the right thing. I told Willie Brown the Port is where the money is years ago. That's how we got the Giants here and all this development. Please listen to me. That is where the money is. Concentrate on SWL 337 and Pier 70, and also the Warriors. That's a gift that you cannot replace.

Commissioner Katz - I do want to point out that, as was noted earlier by Director Matz, there are a number of moving parts, and the departments will be working together. I feel very confident that our Port staff will have an integral role and a voice in working with MOEWD to work on this project. Also, we will be having hearings and reports at the Port, even though not necessarily under the Port's jurisdiction. We will be getting updates and there will be opportunities for public input, and I feel very confident that we will have strong opportunities to hear from the public on what should be a very exciting opportunity for all of us.

Commissioner Woo Ho - I'd just like to add, these are all very, very exciting developments that are coming to our city, and I think we certainly are looking forward to working with all the parties involved, from the point of view of the

Commission, and I think this is going to be a collaborative structure going forward between this Port, the Commission, the staff, and the mayor's office.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. Resolution No. 12-48 was adopted.

C. Informational presentation on the Pier 70 Crane Cove Park Planning and Design.

David Beaupre, Planning and Development – I'm here again to give you an update on the planning and design work for Crane Cove Park. Crane Cove Park is located within the Port's Pier 70 area, generally between Mariposa Street on the north and 19th Street on the south, just east of Illinois Street. In June 2011, the Port Commission approved the retention and awarding of a contract to AECOM to assist the Port in the planning and design services for Crane Cove Park, which is being funded through the 2008 Clean and Safe Neighborhood Parks General Obligation Bond. The park planning builds upon all of the previous work conducted, including the Port's Waterfront Land Use Plan, the eastern neighborhoods planning effort by the city, the Pier 70 planning, and the Blue Greenway planning, all of which have been underway for a number of years.

AECOM's scope of work is broken into two phases, and within each phase are several subtasks. The first phase is to develop a park master plan, including cost estimates and a phasing plan. The second phase is to develop schematic plans based on the available funding for initial phase of the project. The phasing's critical to keep in mind, because again, the park doesn't have complete funding for the entire eventual build out.

To show and remind the commission the context within which the Crane Cove Park is located, this is the Pier 70 Preferred Master Plan, with Crane Cove Park identified in the northern portion of the site, directly adjacent to the ship repair operations just north of the 20th Street historic core. This illustrates two schedules for the project, and is included in attachment B of the staff report. The top schedule is the overall schedule for project delivery, showing the master planning and the top schedule in green, and then further detailed on the bottom schedule where we just review the planning and design work. On the top schedule, we're looking for a project delivery by the end of 2014 with the available funds we have in place, and on the bottom schedule, we show the various phases getting to later this year where we deliver a park master plan and identification of the first phase. You'll also note that there are several locations where I'll be reporting to you and presenting this information to the public and other various stakeholders.

This slide illustrates the context of the site within the context of not only Pier 70, but also in the context of Mission Bay, Dog Patch, Potrero Hill, and the Blue

Greenway, and other development areas around Pier 70. It's important to note Crane Cove Park in the context of the Mission Bay open spaces as well.

As part of the existing conditions and opportunities and constraints analysis, which is attached in the staff report as attachment D, we identified a variety of opportunities and constraints reviewing the historic resources, site access issues, grades and views to and from and through the site, site contamination and geologic issues and conditions from the fill nature of the site, compatibility of the park with the ship repair use just to the east, and future adjacent development parcels located along Illinois Street. The legend is long and that relates to the complexity of not only this project, but all issues related to Pier 70.

A few things to note in this slide is creating a park next to an active ship repair yard. There are some use compatibility issues, and so we've been working with the operator, BAE Systems, on understanding what their navigational clearance areas are, how the park would be accessed from the public, from Illinois Street and Terry Francois Boulevard. We talk about the impacts of sea level rise, prevailing winds, site access.

Another issue that may not be highlighted or clear on this, but along Illinois Street, between 18th and 19th Street, 19th Street is the southernmost street that cuts across into the shipyard. The grade fluctuates on Illinois Street. At 18th Street, the site meets the street, but at 19th Street there's about an eight-foot grade difference. Some of the things that we need to look at is how do we design a park that's accessible and visible from Illinois Street.

Another part of the analysis from the existing conditions analysis, and an issue that arose, was the opportunity to look at some of the adjacent uses and how it impacts the site. Crane Cove Park is directly adjacent to the existing ramp restaurant and the existing boat repair yard to the north. Something that we wanted to look at and analyze, and we talked about the boat repair operator, which is SF Boatworks, and the ship repair operator, BAE systems, was the idea of relocating the boat repair yard or moving the boat repair yard from where it exists today along Terry Francois Boulevard to an area directly adjacent to BAE Systems. On the left is alternative one, using the existing site boundary developed from the Pier 70 Preferred Master Plan, and alternative two is looking at taking that boat repair use, which is on the northern portion of the site, illustrated in blue, and moving it to former slipways 1 and 2, directly adjacent to BAE Systems.

As part of this, there are several benefits to relocating the boat repair yard, which includes providing a buffer use between the ship repair operations and a park with a more compatible use, with recreation, and that's boat repair, creating an opportunity to relocate a development parcel along Illinois Street, currently south of 18th Street, north of the SF Boatworks, near the access point to The Ramp restaurant, and bringing more of the park frontage along Illinois Street, improving safety and access to the existing Ramp restaurant. Currently that driveway is offset from Mariposa Street and is a dangerous condition for folks

accessing the restaurant, improving the pedestrian connection from Crane Cove Park to the Mission Bay bayfront parks, just to the north of Crane Cove Park, and eliminating an existing barrier to the waterfront. The boat repair yard is completely fenced off. There is no public access. Moving it adjacent to the ship repair would allow for more transparency and waterfront access along the bay's edge.

As part of developing the existing conditions and opportunities and constraints, the consultant team developed what they call their project aspirations, which are a tool to allow designers and stakeholders to begin to define project goals by expressing desirable outcomes of the project. Individual aspirations often conflict with one another, but as you move into the concept development phase, you begin to establish a criteria on what aspirations are more important and that eventually could become project goals. The project aspirations were broken up into eight different categories, and all of them are outlined in attachment D in the staff report.

Finally, to the concepts of where we're at today, each concept has several elements in common. These common elements include retention and adaptive reuse of the historic resources consistent with secretary of interior standards, interpretation of the site in Pier 70's history, shoreline cleanup and protection, facilities to support human-powered boat access, an extension of 19th Street, which will provide access to not only the park, but will take truck traffic off of 20th Street and provide more direct access to the ship repair operations, benefiting not only Crane Cove Park, but multiple benefits across Pier 70, a circulation system consistent with the Blue Greenway and connections to other Pier 70 development parcels. For instance, the 20th Street and waterfront sites, vehicle parking, appropriate approaches to handle subsurface contamination consistent with the Pier 70 Environmental Feasibility Study and Remedial Action Plan also known as the FSRAP, which Carol Bach has previously presented, a variety of programs and uses and recognition of development sites directly adjacent to the park for those development sites along Illinois Street as well as other development sites south of 19th Street and the 20th Street buildings.

Alternative one, which is titled Lines and Traces, takes an approach to keep intact the historic resources that exist today that are primarily from the World War II era that were left there. The alternative centers on matching the proposed open space program within the preservation of the historic resources, as well as the traces such as the former rail lines that crisscrossed across the site, as well as traces from other forms that exist on the site, such as the cranes and other remnants that still exist.

The park boundary remains the same, as identified in the Pier 70 Preferred Plan. The new 19th Street is actually a pile-supported structure that provides a little bit of elevation and provides a focus point to slipway 4. Sea level rise is accommodated by maintaining the site elevation where it is and accepting the condition that as sea level rises, the site will be inundated at certain points of time during the year and during the storm seasons.

Alternative two, which is called Patches and Uses, has many similarities to alternative one, but alters some of the historic resources and allows interpretation of the evolution of the site. Rather than just looking at what exists today left from World War II, it begins to look at the history of the site, how it was filled over time, and how it was used over time, and how the slipways rearranged themselves and got reconfigured between the various war efforts and ship building efforts.

The emphasis on this is the historic uses that took place in the spaces in between the patches and the various shoreline edge of the evolution of the site again. Alternative two includes moving the boat repair operations adjacent to the ship repair operations. Access to the site would be accommodated by an expanded entrance along Terry Francois Boulevard as part of a realigned access point for the existing restaurant operation, as well as an expanded entrance along Illinois Street between 18th and 19th Street, where we are able to bring the park site all the way to Illinois Street. Nineteenth Street would be created by actually just filling the site up, bringing it up rather than pile supported. Water access would be accommodated through a softer shoreline edge able to accommodate human-powered vessels. Sea level rise would be addressed by, as a part of the 19th Street, bringing the site up in elevation so that portions of the site wouldn't be inundated at peak storm events in the future.

The next steps are to develop cost estimates for each of the concepts, present the concepts at various community workshops, including one on June 20, 2012 at 5:30 p.m. at Pier 1, and then report back to the Commission regarding the comments that we've heard, and get additional direction, and then ideally present a draft concept plan later this fall that we can move in towards implementation.

Corinne Woods – I'm co-chair with Toby Levine of the Central Waterfront Advisory Group, which started out 12 years ago as the Pier 70 Advisory Group, because we thought we were going to get something done then. So Simon, your project is not the longest running one. We've had one community meeting about this concept for Crane Cove Park. It was very well received. There are of course people who want to look at specific pieces, the human-powered boat group definitely wants to work out whatever potential conflict there might be with the ship repair operations so that we can have human-powered boats in this park. There's tremendous support for moving the boat repair operation around the corner. That opens up a potentially wonderful view from Mission Bay Park across the street. We would love to have you guys weigh in. Money, of course, is part of the problem. It could cost a million dollars just to rehabilitate the cranes, and so we are going to need that next bond badly to make sure that the project gets finished but we're very excited about it and hope you will join us in supporting it.

Commissioner Brandon – Have you talked to BAE and the boat operators?

David Beaupre - Yes, we've spoken with both tenants. We spoke with the SF Boatworks and the general manager of BAE Systems. They were open and receptive to investigating it. In fact, BAE shared with us that they like the idea of the use being relocated, because it does provide the buffer between a recreational, uninhibited access park, to their heavy industrial operations where there are a lot of security and access issues. They thought that the boat repair facility, which is not as intense as theirs, but is compatible with both ship repair and open space, would be a nice transitional use.

Commissioner Brandon - Approximately how much do you think that will cost?

David Beaupre - I would like to get back to you on that.

Commissioner Lazarus - Is there a chance that if it's advantageous to BAE that they might consider helping with that aspect of it?

David Beaupre - I would let BAE discuss that, but knowing the complexities of their site and the cost of maintaining the structures that they have, it's something that we want to look at as part of the long-term operations of that leasehold. Depending on what the costs are, it might be something that we need to work with the operator on, and to also determine what their long-term plans are for the existing boat repair yard. If there's a need to relocate it, or the concept proves to be feasible, it likely wouldn't happen as a part of an initial phase, based on the current funding we have. At least we can hold the sites for that type of use and help us better articulate the phasing of it, and then work with them on a long-term solution on how we could allow that to occur so that it's mutually beneficial.

Commissioner Woo Ho - Isn't there another interested stakeholder such as Forest City?

David Beaupre - Yes, part of our outreach is to share and we've been meeting with both Forest City and Orton (ODI) on the development of primarily the existing conditions and opportunities and constraints analysis conducted to date, and some of the design and thinking about what are some of the conditions out there in the direction of the parks. They are obviously key stakeholders that we'll be working with throughout the planning and design process.

Commissioner Brandon - When do you think you'll have the figures, the numbers, and the feasibility of this project?

David Beaupre - We're hoping to have some preliminary cost estimates prior to June 20, 2012. We're working on it now, but I can try to get back to the Commission prior to that. The first phase of the work is to develop a master plan. We estimated the budget as part of the Pier 70 planning process at around \$20 million, and even potentially as high as \$30 million for this park. We wanted the consultants to think outside the box, be realistic about how much funding we can raise through general obligation bonds and other funding sources, but not bootstrap them too much on what the projects are recognizing that we'll need to

phase it. We'll come up with some preliminary cost estimates based on each of these alternatives.

Commissioner Brandon – Right now, my concern is I don't know if we want to spend \$20 to \$30 million on a park because we have so many other pressing needs. I'm trying to figure out what the feasibility is and what the costs will be for everything before we take off. Everybody's going to want the best project, of course, but can we fund it with all of our needs?

David Beaupre - We'll be developing cost shortly and can get back to the Commission with a framework of where we think the cost range is.

Commissioner Woo Ho - You explained the differences and the alternatives, but it's kind of hard to visualize. At least for myself, as we get closer to something that we're really going to look at, I would like to physically go out and see and understand, because it's hard to just look at this and understand what it looks like.

David Beaupre - I'm more than happy to bring any or all the Commission out there at any time.

D. Informational presentation on a proposed design for Teatro Zinzanni related to a proposed lease of a portion of Seawall Lot 324, at the corner of Broadway and the Embarcadero.

Jeffrey Bauer, Port's leasing manager - I'm here to give you a quick presentation on the proposed design for Teatro ZinZanni. Followed by my introduction, I will introduce Mark Miller, the principal of MKThink, and is the principal designer.

At the February 23, 2012 Commission meeting, staff presented the proposed lease to accommodate Teatro ZinZanni, which was formerly located at Pier 29. The proposed new site is located at Seawall Lot 324 at the Embarcadero and Broadway. Staff at the meeting explained that the design is under refinement to address the historic preservation guidelines found in the Northeast Waterfront historic district. At the February meeting, this Commission expressed interest at having the opportunity to comment on the proposed design early in the process, well in advance of the staff request for approval of the lease. At this point I would like to bring up Mark Miller to walk you through the design.

Mark Miller - I'm pleased to update you on our progress that we originally brought to you as an informational presentation on February 23, 2012. The advance and some modification have to do with the input we received from the Port staff and the city's Historic Preservation Commission, all of which have been in the informal context, but as we've been searching out how to best refine the project to be in accord with historic preservation and the urban design criteria on this important site. The proposed approach, as we've advanced, it really is trying to marry two elements, the festive character of the program and

the interim nature of the facility, by focusing on the tents with required supporting facilities as diminutive and discreet as possible.

The festive nature of what goes on inside Teatro ZinZanni, as I believe many of you are aware. I want to get to the urban criteria and how it's formed. This is sort of an exploded axonometric, and I'll refer to this as I talk through the project, and then show you detail in a moment. The design approaches the program elements as related but distinct parts modest scale pavilions that sit on a three-foot base plinth that rests on existing parking lots. There are no considerable foundations or disruption to the ground except for a few utility requirements. We're holding everything down by weight below this plinth.

The centerpiece is the historic tent, and the focal point for the whole composition on the inside, as well as from the urban criteria. The big changes - we're introducing a secondary tent as the pre- and post-function space, also reflecting the interim nature and tie it together design-wise and exterior material-wise with the historic tent. One-story accessory structures will contain all the various support capabilities. Those are outlined in blue in the perimeter.

We've also advanced it so that the plinth sits in three pocket parts as it meets the urban landscape, introducing green and much smaller scale, human scale, elements where individuals will approach the project, and as the project meets the street. With regards to the architectural features, the tents are the prominent forms, the historic Spiegel tent is at the center, rises to 32 feet. This is a 42-foot district. The tent is at 32 feet, and tapers to around 16 feet at the edge. That includes the plinth.

The tents are going to be clad primarily in pattern fabric for the solid portions. There's going to be a glass facade element facing the Embarcadero. Everything else will be in a pattern fabric.

You get a sense of the interior theater on the bottom. The character of the tents in the middle image shows you the pattern fabric, and the right is an image, rising inspiration for the ticket booth, which is sort of a historic carriage, and makes its way into our ticket booth, the reddish structure that is the start of the support buildings. As it approaches the public domain, this one has a lot more character on Broadway.

Primary drop-off is going to be on the Broadway side. On the right side of the image you see sort of the red trim set into the fabric tent on the right. The historic Spiegel tent is the prominent element in the middle, and you're seeing the facets. That's why it's a round facility. On the left, behind the trees, as we move west along Broadway, is the beginning of the support facilities, which are about ten feet or so, sitting on a three-foot base, and they wrap around to Davis street.

On the bottom, you can see a photograph from the residences on the south side of Broadway, and you can see there are four large trees that are on the right,

and two that turn the corner on Davis. From more of an elevation point of view, you can see the four trees and their alignment with our structure. Davis Street is on the top, and loading is a recessed dock area. As we move, the bottom is a facade in the parking lot itself, much of which will be shielded by cars.

This shows the building on the Broadway and the Embarcadero corners, and the three pocket park areas to the top is the Broadway entrance. As we swing around to the corner of Broadway and Embarcadero, there's a deck that is accessible from the inside pre- and post-function space, but that's set into a landscape edge. On the bottom of this drawing, which happens to be the north, is where the ticket booth is, as well as a little pocket park.

The project greatly respects the historic district, as well as the historic context of the tent itself, and trying to bring these together. I want to highlight three main directions that reflect our intent in the respect and how that relates to both the current conditions and where we want to go.

1) Context. The feature of the project is a 100-year-old historic tent, contemporary with this district. What's also exciting is while it's a historic artifact made contemporary, it's also re-locatable and interim in nature. It really brings on both of the aspects of what we're trying to do, and we're very proud of that. We're able to do that without any permanent impact to the site. We believe we're able to take the historic character forward and leave the opportunity for something to happen here in the future.

2) Use. The compatibility of the use, the creation of a community and visitor-serving entertainment function, and the corresponding removal of a portion of the parking lot, is in accord with all the planning recommendations, and built on the Barbary Coast heritage.

3) Scale. Teatro ZinZanni, the facilities are composed of a series of human-scale pavilions. It's broken down to a series of facilities, none of which is more than 5,000 square feet in area, some of which are as small as 600 square feet, with 14 feet on the perimeter buildings, and the tent peaks at no more than 32 feet. In our view, at least, we believe that the scale reflects the pedestrian scale of the 19th century and early-20th century vintage Barbary Coast and Jackson scale heritage that we are trying to recall here.

Jeffrey Bauer - Regarding the next steps, we expect to go to the waterfront design advisory committee on June 11, 2012 and to the Northern Waterfront Advisory Group in the latter half of June. We expect that we'll be going to the Historic Preservation Commission sometime late July. There's also simultaneously other outreach to neighborhood groups, civic groups that are necessary, and we anticipate coming back to the Commission in the fall of 2012.

Commissioner Crowley - Are you expanding audience capacity in this configuration?

Jeffrey Bauer - No. The tent capacity is 285 persons.

Commissioner Woo Ho – Is it a tent that's going to be restored? Is it an existing historic tent that's in use now?

Jeffrey Bauer - There are actually two of them, one in Seattle, and one used at Pier 29. There was some refurbishing of the floor, but it's a historic tent. Teatro does not own it. It's owned by a family in Belgium, and they have to fly over here to install the tent, to put it up, to take it down. It must be a family heirloom.

Commissioner Woo Ho - The parking for the 280 people, are some of it on site in the neighboring area?

Jeffrey Bauer - Yes. We would expect that most of it is on site. Typically if you have that number of persons, and you expect that two people are going to come together, no solos, we would expect 100 cars, which could fit in that lot and the adjacent lot comfortably.

E. Informational update on status of Port infrastructure work, tenant relocation and other Port obligations under the Lease Disposition Agreement in preparation for America's Cup Events in 2012 and 2013.

Brad Benson, Special Projects Manager - This is the first of a series of staff updates to the Commission about implementing the America's Cup, both for the events in 2012 and in 2013, consistent with the Lease Disposition Agreement and the Form of Venue Lease that the Commission approved.

This is an interdivisional update. We have staff in all the Port's divisions who are contributing to the effort. Today Joe Roger from the engineering division will help update you about the schedule of capital projects that the Port is undertaking with respect to the America's Cup, and Ed Byrne will talk about the schedule for the Pier 27 cruise terminal and the Brannan Street Wharf.

Joe Roger, structural engineer for the Port - As noted in the write-up, not including dredging, the Port currently has six ongoing infrastructure improvement projects. Today the Port finalized amendment number four with Turner Construction. Turner will be the contractor for four of the projects, two of which have near-term deadlines for completion. Turner is also involved in the other two projects, helping the Port procure materials.

Turner will commence construction on Pier 30-32 phase one next week. The Port is scheduled to hand over this pier to the Event Authority on July 20, 2012. Turner is also scheduled to commence construction on Pier 29 substructure repair on July 2, 2012, and the Port is scheduled to deliver this Pier to the Event Authority on September 1, 2012. Additionally, Turner is also scheduled to commence demolition of Pier 1/2 on July 16, 2012. The remaining three projects and Pier 1/2 demolition project do not have near-term construction completion

deadlines. I'm happy to tell you that all six projects are on schedule and fully funded.

Brad Benson - Joe is talking about the first six projects on this slide, and there are two additional projects that are going to be part of the Pier 27 cruise terminal project, and they have been incorporated in Turner's scope at that site. I want to commend Elaine Forbes, the CFO, and Lawrence Brown, who's in charge of collectively working with Monique to make sure that there's funding in place for all of these projects. As the Commission knows, Port staff is pursuing with the city issuance of COPs to fund a significant portion of the work. There's been reprogramming of Port capital from other sources and re-appropriation of Port revenue bonds, as well as planned contribution from the America's Cup organizing committee, and all of the projects are fully funded for execution.

With regards to the regulatory approval process, we have not briefed the Commission in detail about all of the complicated permitting that is needed for these in-water construction projects, and I'm going to give a high level summary. The news is good. With the San Francisco Bay Conservation and Development Commission (BCDC), we've had to get an amendment to their special area plan for the San Francisco waterfront. That was received on April 5, 2012. We have also received a minor permit from BCDC staff for the Piers 30-32 structural work that Joe just talked about. That is in hand and was approved on May 4, 2012. The America's Cup project also requires a major permit, and that is scheduled for a public hearing and vote on June 7, 2012.

The Army Corps of Engineers has to permit certain portions of the project, outside the footprint of the Port's finger piers. That's subject to analysis under the National Environmental Protection Act, which is the Federal equivalent of CEQA. We expect that to occur sometime in the early July time frame.

The San Francisco Bay Regional Water Quality Control Board has also completed all of its permitting actions. Port staff received a 401 Water Quality Certification last week. Kudos to Kelley Capone, who's on loan from the PUC, and Rich Berman, who worked very closely with the regional board staff to obtain those permits. Kelley's also working with the National Marine Fisheries Service related to in-water construction work. NMFS will issue a biological opinion to the Army Corps of Engineers. Likewise, the National Oceanic and Atmospheric Agency is going to be issuing an incidental harassment authorization for some of the pile driving work associated with the project. The US Fish and Wildlife Service is also weighing in with a biological opinion. All of these processes are either complete or nearly complete, subject to completion of the NEPA process, and we're on track.

Ed Byrne, chief harbor engineer - I'm filling in for Kim von Blohn, the cruise terminal project manager, and Steve Reel, the Brannan Street Wharf and Pier 36 demolition project manager. I'll be updating you on those three projects. For the cruise terminal project, we've got 84% of the subcontracts now awarded, and we have that much of the project under control, and we know about how much

it's going to cost. We're anticipating \$3 million worth of work out for bid now, with another \$4 million still waiting to be put out to bid.

We've got this pretty well under control now as far as the contracting goes. If you've been by the site, you've noticed that the shed is now down. The administration building is now down. If you stand on the Embarcadero in front of the site, you get a very nice view of Yerba Buena Island and the bridge and it's just wonderful. You'll also notice that there's a pile of steel that's out at the site, and it's being shaken out, and soon it'll be erected. Next week we'll start erecting columns and beams on the site, so that's all good news.

The other projects are the two at Pier 36. We have a demo project that's going on there through the Corps of Engineers, and that one is going fairly well. It's three weeks behind schedule, but there's been some extra scope found there. There was apparently a hole in the pier from a milling process that they had. So there's a pile of steel there that has caused an extra scope of work. It's probably quite significant. That caused some extra time, and we don't think it's going to affect the Brannan Street Wharf project that we have going there. We have Dutra involved in that. It's a Port contract, \$13.5 million worth of work. They'll both be working. We've had the Corps and their contractor, West Bay do the north side of the demolition. So hopefully we can bring in Dutra with the work that's going to go on in that area without having any slippage in the schedule. We're hoping that can happen without any slipups there as far as schedule goes.

The work windows that America's Cup has requested we're considering now. We should be getting a bid from Dutra as to what the impact of that is, both cost- and scheduling-wise, this Thursday. We'll be reviewing that and get back to you. America's Cup has essentially said they want two closure windows for the World Series, one on August 15 to August 26, 2012, the other about September 26 through October 7, 2012 so we're considering those now. They just don't want the pile driving, the noise, and all of that going on while they're having their event. We'll see what we can do to accommodate that. The Notice to Proceed has been issued to Dutra there now. They're not at the site yet, but they are procuring all the piling

Brad Benson - The real estate division has been working equally hard. Mark Lozovoy and other real estate staff have been working with the tenants in the various sites that need to be delivered on a phase basis to the Event Authority. There are a handful of tenants each at Piers 19 and 23. There are some tenants in the Pier 27 Belt Line Building who are still trying to be accommodated on Port property. In general, the progress in moving tenants has been excellent, and tenants have been very cooperative with the Port staff efforts.

We're looking at turning over a couple sites as soon as we possibly can. Some under licenses even before the Lease Disposition Agreement is finally executed. The Event Authority is seeking some office space at Pier 23, and moving out of some other offices that they've been renting in the private market, and also need

access to Pier 80 in anticipation of some shipping activity at the site, and the need to be able to load boats in and out of the water.

The Lease Disposition Agreement is expected to be finally executed in early June. The final piece of the puzzle, as we've mentioned to the Commission, the America's Cup Organizing Committee needs to procure an Owner's Delay Policy. It's a form of insurance policy basically guaranteeing that the Port will complete all the work that you've heard about today and will be able to deliver the venues on time. The insurers were in town last week meeting with city and Port staff. Once that policy is underwritten and the form of it is known, the LDA will be finalized. Then we'll begin significant delivery of major Port sites starting June 15th, July 1st, September 1, 2012, and on through the fall.

The thing that is going to cause some venue to delivery to extend into that fall period is as you'll recall under the Lease Disposition Agreements, the Port is required to work with the Event Authority to do a series of walkthroughs of the various sites to identify improvements that are needed at those sites. The Port is obligated after we jointly prioritize those improvements, to pay up to \$500,000 to fix the various venues. The walkthroughs have been completed. We involved the fire marshal, Port staff from multiple divisions, the building inspectors, in the walkthroughs, and have identified some significant needed repairs, including hazardous materials abatement, which is mainly lead paint that is on some of the rollup doors that exist in Pier 29, fire safety improvements really needed to accommodate proper exiting of the facilities and signage, some demolition activities, particularly in Piers 19 and 23, bathroom and utility repairs in some locations, and ADA improvements.

The current estimate is \$1 million. That's obviously higher than the \$500,000. We'll be working to identify a list that the Port can afford, that Monique will approve pursuant to the LDA. We're looking now, as an example, at instead of doing permanent fire exiting signs, buying temporary signs that could reduce cost substantially. That's a \$200,000 line item. We'll be working with all the Port divisions to make sure that the facilities are code compliant for their use.

I particularly want to call out Wendy Proctor, who's the engineering project manager for this effort. She's done a great job of coordinating estimates from different Port staff, putting together a work plan and a plan of attack to implement these projects, along with Tom Carter, deputy director of maintenance who has really been creative in thinking how we can use our own forces to quickly execute this work. This is a big task, but I think we're up to it.

Commissioner Woo Ho - The best presentation is when everything is on time, on budget, and there are no issues, so we don't have many questions.

10. FINANCE & ADMINISTRATION

- A. Accept the Port's Biannual Report on Contracting Activity for Fiscal Year 2011/12 (July 1, 2011 through December 31, 2011).

Andres Acevedo - I'm the new contracts manager here at the Port. This report is on a new contracting activity for the first half of 2011/2012, from July through December 2011 and it represents the new contracts that have been issued with an exception which I will get into later. This report summarizes the new contract activity. It summarizes the staff changes that impact Local 21 positions. It reports on Port's projects where DPW or other city departments are performing the work for the department. It also provides some new tables that we've added at your request, looking at the status of existing construction and professional service contracts, and where we are in those contracts and the spending on those.

During the first half of 2011/2012, we've issued three new professional service contracts, four construction contracts, and we've issued 12 Contract Services Orders (CSOs). The CSOs are for our as-needed contracts. We have several different as-needed contracts for engineering, for real estate consulting services, and as we use those contracts, we issue a CSO. During that time, we've had change orders including six professional services contracts and those could be just extending them out or changing the amount and 11 change orders for construction contracts. Altogether, this counts to about \$9.6 million in new contracts, and that includes about \$2.7 million in contracts for LBEs as part of that. The Port-wide LBE requirement is 20%. We have maintained in this half of the year 28% on the new contracts that we've issued.

The total change orders during that same time are another \$9 million, and that translates to about \$2.7 million in LBE dollars associated with those change orders. For the total contracting activity, we're at \$19 million, and about \$5.3 million in LBEs. That comes out to, total-wide, 28% on our LBEs.

I should point out that there is one contract for \$419,000, which was federally funded, so it's exempt from LBEs. We cannot use any type of local preference on federally funded projects. It's reflected there but it's not in the final total, and it's not counted in the percentages.

One of the new things that we're dealing with now is local hire, which requires that of all public work projects in the city or on land or facilities controlled by the city, that there is a requirement for the contractors to utilize for trade work -- 20% of the total trade work should be San Francisco residents. Of that, there's also a requirement that 10% of all that work goes to local residents who are disadvantaged.

We're working with OEWD on the reporting for this. This is a new requirement. It went into effect as of March 25, 2011. We're still working with OEWD on how we're going to track this. The Port does not track this. OEWD is in charge of tracking this, and the contractors submit certified payrolls through an online system that is controlled by the city and then we get our data from them.

During this time there were three construction projects that came under local hire. Only two of the three have reported hours for trades that are covered by

local hire. This could just be that the one project, which is the Roundhouse 2, just hasn't gotten to the point where they're utilizing the trades in there.

The two that did report were the Hyde Street Harbor JOS building. They're at 25% local, and the Pier 35 North Apron Repair, and they're at 61%. The total of those two comes out to 39% local, in hours, not dollars.

We should have it, and we're going to get as we work with OEWD, a breakdown by trade, because the 20% and the 10% requirement is not on the project overall; it's actually by trade.

Monique Moyer - Those numbers you just reported are different than what's in the text on page five.

Andres Acevedo - That was an error I just discovered. The numbers I just reported are the latest ones. We got earlier numbers from OEWD, and then we subsequently got later ones. The ones in the table are the correct ones.

Local 21 staffing activity, we had zero Local 21 employees separating, and we had five appointments. Three of those were permanent and two were temporary.

The request was to give a report on the status of current contracts, and we broke them out by construction and professional. Traditionally this report has just shown you the new contracts that were issued during the reporting period. What we've done here is look at all the existing contracts that we have and where we are in terms of our spending, whether we've accessed the contingency amount on them, and do we project that they're going to be running over schedule. I want to draw your attention that this actually goes from July 1, 2011 through March 2012, so it's longer than the original one was. This request came down as we had the bulk of the report pretty much done, and were going through and just vetting all the numbers in it. We were able to pull that out. On an ongoing basis, we will keep these reports in alignment so they'll be covering the same period on that but we wanted to get you on this one, the latest day that we had available for that.

The first page is looking at construction contracts, primarily generated by engineering staff. The second page is professional contracts, including the as-needed contracts and the CSOs issued.

Commissioner Woo Ho - Are change orders anticipated in when we actually come up with the contract and the amount because normally the way I interpret change order means you're doing something different, so that's an incremental cost but I don't know that's the right interpretation here.

Ed Byrne - I was noticing the same thing and I'm not really sure how that number has come in the way it has. You're talking about the report on page five, is that right?

Commissioner Woo Ho - I'm looking at the construction change orders in Exhibit 3 for a total of \$5 million. What do you mean by change orders?

Ed Byrne - A change order would be something that once you award the contract, it's awarded for a certain amount plus generally a 10% contingency. Anything that would go above that original amount and utilize some of that 10% contingency, we'd call that a change order. It could be an unforeseen condition, additional scope. It could even be a negative one if something got deleted from the scope of work. So a change order is a change from the original award.

Commissioner Woo Ho - So this is above the contingency amount?

Ed Byrne - No, it wouldn't necessarily have to. The only reason I mention that is because if it goes above that, we'd come back to you and would have to have a special commission action for anything over 10%, because we would not have the funding available to award or issue a change order for 10% greater than the award amount. In aggregate, we couldn't go over 10% without first seeking Port Commission approval.

Commissioner Woo Ho - When we look at the report in the back, which sounds like we have not dipped into the contingency very often, so that's why I'd like to understand. In one trend, there are change orders, and then in the other schedule, which is a little bit more comprehensive, it looks like you haven't touched the contingency.

Andres Acevedo - On exhibit three, we're looking at change orders and contract amendments. Especially with professional service contracts, it could be that we've gotten into the contract and we've decided that we want more work because we've discovered a problem if they're doing an environmental assessment. We scope it out a certain way, and they discover something else there. Rather than issuing another contract, it might make sense to amend the existing contract. Sometimes we extend it in terms of the time there is to get the contract especially with some of the CSOs we've extended out the time on that too. That means that the contract amounts change. What we report here is the amount that was authorized by the Port Commission, and the actual contract amount sometimes can be different from that, in terms of when they negotiate the contract and they get in there. It might be less than what's fully authorized within that.

Commissioner Woo Ho - It would be less. It certainly wouldn't be more.

Andres Acevedo - Yes, it would be less than that. That means they're not impacting the contingency there.

Monique Moyer - If I remember correctly, exhibit six is on a cash basis, and exhibit three is on an approval basis, since there's a timing delay.

Andres Acevedo - Yes.

Monique Moyer - We thought we'd rectify that the next time we submit the report so you're looking at apples to apples.

Commissioner Woo Ho - Essentially, in most cases what you're reporting here is that things are on schedule?

Andres Acevedo - Yes

Commissioner Woo Ho - With some exceptions. There are a few, right?

Andres Acevedo - Yes.

Commissioner Woo Ho - The general question that I was asking which is why I wanted to see this report is that within the original contract amount, how well we were doing, how often were we tipping into contingency, and how we're performing overall.

Ed Byrne - When we award the contract, we have an amount and we have a number of days to do the work. When it goes over 10%, we'll come back and report to you when that occurs. Generally, we just give you a letter before, letting you know it's going to happen, and then we'll follow up with a Commission action later on, once we've negotiated what the consequence of that increased time is.

Commissioner Woo Ho - I would only ask for this report on a bi-annual basis. If we could even list the top ten or 15 contracts so we know who the companies are that are the major vendors to the Port. I don't know if anybody else is interested in just knowing that. I think Turner is currently the number one contractor, right?

Andres Acevedo - Are you looking more at the top ten contracts, or the top ten contractors?

Commissioner Woo Ho - It's not who, it's by amount so that we're aware of who we're doing business with.

Monique Moyer - Currently, the top three are: Turner for the cruise terminal, followed by Dutra for Brannan Street Wharf, and Vortex for Pier 43½.

Ed Byrne - Those are the top three. Turner is a construction management company, and so it's contracting for us.

Commissioner Woo Ho - I understand but they're the general contractor, and then they're subcontracting, correct?

Ed Byrne - Yeah, and they're subcontracting, so there are quite a few contractors out there working away.

Commissioner Woo Ho - Then they're also the construction manager.

Ed Byrne - Yes. They are doing all that, although we are providing staff to oversee and make sure everything they're doing is correct, and also signing off on all their invoices, etc.

Commissioner Woo Ho - I don't want to see this every quarter, perhaps twice a year -- the top ten contracts, and then in terms of the consultants that we use, just what are the top ten consultants?

Andres Acevedo - We can do that.

Commissioner Brandon - Is there any way to consolidate these reports, because for me it's really hard to follow these reports and what's actually going on versus newly awarded, as needed, change order, because the numbers are so different. It's hard for me to read what's really going on.

Andres Acevedo - I agree with you. We've been struggling with taking the old reports and trying to cut them down and make them more focused on the key areas, and we're going to keep working on that. I'm happy for any input you could provide us on how we could make this a more usable report for you.

Commissioner Brandon - Congratulations on exceeding the goal on all pages.

Andres Acevedo - Thanks.

Monique Moyer - It's not listed here because the contract is managed by DPW, but it's my understanding that Turner is at about 26% for local hire, and I believe in the 30s for LBE.

Commissioner Woo Ho - Good progress and good results, but I think sometimes we have to step back and look at the whole picture, and realize that we're really doing a great job. So thank you very much for the report.

11. NEW BUSINESS

Commissioner Crowley - I'd like a personal point of privilege, just to add into the record. As many of you know, I have announced a candidacy for the Board of Supervisors. So with that, it is with a heavy heart I submit my resignation as a member of the Port Commission for the city and county of San Francisco, effective June 1, 2012. I've appreciated the opportunity to serve the citizens of San Francisco, and to work with Monique Moyer, the Port's talented and visionary Executive Director, her executive staff, and the entire Port team. I also want to thank my Port Commission colleagues, who have demonstrated daily the highest degree of service to the citizens of the city and county of San Francisco through our public trust and oath of office. Thank you.

Corinne Woods - I just wanted to say thank you, Commissioner Crowley, for your work here, particularly your focus on maritime. When I first got involved with the Port, I don't think anybody knew how to spell water. It was very much a real estate operation. This is before your time, Monique. But you have really focused on the maritime aspects of this. The priority maritime policy that you asked to have put into effect will make a big difference in how the Port looks at not just its real estate, but also its maritime obligation. I'm very sorry that you're leaving, and wish you the best in your supervisory effort. If you do become a supervisor, I hope you'll remember the Port. Thank you.

Commissioner Katz - I joined just shortly after you came on the Commission, but I know I for one will certainly miss having you with us up here. I really enjoyed the time we've served together, your insights, your passion about the Port and the issues that come before us, and also of the workers on the various different projects. You will be sorely missed on the Port, but I'm looking forward to seeing you on another day at some point soon.

Brad Benson, speaking on behalf of Port staff - We're lucky as a staff. I think we have one of the best commissions in the city. It's an engaged commission. We deal with really complicated real estate and development issues, a very diverse maritime portfolio. We're supporting a lot of small businesses and a lot of workers along the waterfront, and you've always had the interest of those workers first in your mind. It's been an honor to work with you. You've had a long service with the city on the PUC, and you dove right into the Port and understood our issues and engaged, and we just want to express our thanks to you.

Commissioner Lazarus - I just want to say thanks also for being a tremendous colleague. I'd rather work with you than negotiate against you, which I can say from personal experience. I hope the mayor chooses well to fill your shoes, which won't be easy, and wish you all the best in your further pursuits.

Commissioner Brandon - I totally agree. You will sorely be missed, and we look forward to working with you in the future.

Monique Moyer - For the record, I want to acknowledge that Commissioner Crowley has been with us since December 2010 until today, the end of May 2012. If you think back to what was happening in December 2010, we were in hot pursuit of the America's Cup, and we have been moving at lightning speed ever since. As Brad mentioned, you jumped right in wholeheartedly, brought a lot to the table here even your very first meeting, and that is exceptional talent, and we are really grateful for that.

In the time that you've been here, we've done amazing things, not the least of which is to make the commitment and find the capital to make the Port's largest public works project investment in Pier 27 in 50 years. You have to go back to the 1960s to find the Port making that kind of investment, and we couldn't have done that without the leadership of all of the commissioners, but particularly, since we're recognizing

you, Commissioner Crowley, I want to really thank you for that. That is a tremendous legacy for the Port, and one I hope you will always take with great pride.

Of course, there's the America's Cup negotiations. I think we've negotiated that deal three times in 12 months, and I want to commend you and all your fellow commissioners for your patience. As Brad said, the complexity is sometimes overwhelming, and you have been just tremendous.

I thank you for helping us oversee all the projects we've had with respect to investing the GO bond proceeds that we generously received from the San Francisco voters, as well as our very own revenue bonds. In your relatively short tenure with the Port, you have done amazing things. Most importantly you have been a great communicator with the Port staff, always staying very engaged, asking a lot of questions and making sure you understand all the complexities.

I do think that one of your own personal most amazing legacies, as Corinne pointed out, is the Maritime Industrial Historic Preservation Policy, and I hope that will stand for generations, because it is really our key natural resource and attribute, and it does tie directly to jobs and economic vitality. I thank you for your vision in respect of that.

We have a plaque for you, believe it or not. We weren't sure when we were going to present it, but the ever efficient Amy had it all ready for you.

Commissioner Woo Ho - My fellow commissioners, Monique and Brad have said everything that they could say, and I could only add that I agree. In the year that I've been with the Port, you've been wonderful to work with, and I agree with everything that's been said about your being a great colleague and being extremely supportive of everything we've tried to do here. I particularly will miss the candy. So all the best and we do hope to see you on another day, and wish you all the best in your endeavors going forward.

Commissioner Crowley - Thank you all. It's an honor and a privilege to have worked with you. Hopefully we'll be doing this quickly soon.

12. PUBLIC COMMENT

13. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Port Commission President Doreen Woo Ho adjourned the meeting at 6:20 p.m.

SAN FRANCISCO PORT COMMISSION

Doreen Woo Ho, President
Kimberly Brandon, Vice President
Leslie Katz, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax 415-274-0412

AGENDA

GOVERNMENT
DOCUMENTS DEPT

TUESDAY, JUNE 12, 2012
2:30 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION

JUN - 8 2012

SAN FRANCISCO
PUBLIC LIBRARY

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO CA 94111

PLEASE NOTE THE DATE & TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Port Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk. If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's Office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES – May 29, 2012
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

An Executive Session has been calendared to discuss the following matters:

- (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION AND ACTION):

- a. Discuss existing litigation matter pursuant to Section 54956.9(a) of the California Government Code and Section 67.10(d) of the City and County of San Francisco Administrative Code.
- Waterfront Watch and Does 1-10 vs. San Francisco Port Commission; City and County of San Francisco: San Francisco Board of Supervisors; San Francisco Planning Commission, and Does 11-20; America's Cup Event Authority LLC; San Francisco America's Cup Race Management; Golden Gate Yacht Club of San Francisco; Oracle Racing, Inc.; et al., and Does 21-50; Superior Court of California, County of San Francisco (Case No. CPF-12-511968).

Proposed settlement of litigation alleging violation of the California Environmental Quality Act (CEQA) in connection with project approvals for the James R. Herman Cruise Terminal and Northeast Wharf Plaza and 34th America's Cup projects; the terms of the proposed settlement include: (1) City's payment of \$150,000 to the U.S. Geological Survey to conduct a bird study; (2) City's payment of \$75,000 for Petitioner's and Administrative Appellants' Attorneys' Fees (A Port payment of \$30,000 is included in the total amount of \$75,000); (4) petitioners' dismissal of litigation, agreement not to oppose the Cruise Terminal Project or the 34th America's Cup Project, and full and final release of claims; and (5) other terms and conditions of the proposed settlement agreement on file with the Port Commission Secretary.

Proposed Action: Approve Settlement Agreement

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67-12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment for Public Comments:

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report

- Commendation for SFPD Captain Stephen Tacchini on his retirement
- Commendation for Thomas Meisenbach, Superintendent Harbor Maintenance, on his retirement

8. PLANNING & DEVELOPMENT

- A.** Request endorsement of the Board of Supervisors Sole Source authorization for negotiations between the City and County of San Francisco and the Golden State Warriors. (Resolution No. 12-50)
- B.** Informational presentation regarding the National Park Service selection process for a proposed embarkation site for ferry service between the northern San Francisco waterfront and Alcatraz Island.

9. REAL ESTATE

- A.** Request approval of Memorandum of Understanding No. M-15137 between the Port and the San Francisco Police Department, to station the San Francisco Police Department Marine Unit at the Hyde Street Harbor for a term of 60 months. (Resolution No. 12-51)
- B.** Informational presentation on the proposed Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates.

10. FINANCE & ADMINISTRATION

- A.** Informational presentation regarding the dissolution of the San Francisco Redevelopment Agency as it relates to Port property in the South Beach area, recommended budget changes and consideration of a proposal to increase berth rates to reduce the operating deficit of the South Beach Harbor adjacent to Pier 40.

11. NEW BUSINESS

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission Meeting, Subject to Change)

- Informational update on status of Port infrastructure work for America's Cup Events in 2012 and 2013 (July 10, 2012)
- Informational presentation on the Pier 70 20th Street Historic Buildings project located at 20th Street, east of Illinois Street (July 10, 2012)
- Request approval of proposal to increase rates and charges at the South Beach Harbor (July 10, 2012)
- Request approval of the proposed Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (July 10, 2012)
- Request approval of Lease No. L-15150 between the Port of San Francisco and Ammunition, LLC for approximately 9,652 square feet of office space located at Roundhouse Two, 10 Lombard Street for a term of 52 months, subject to Board of Supervisors' approval (July 10, 2012)
- Request authorization to execute a Mutual Termination Agreement with City Building, a California Corporation, Lease No. L-14950 for Premise located at Pier 26 Annex (July 10, 2012)
- Request authorization to amend the Harbor Traffic Code for the Jefferson Street redesign and construction at Jefferson Street in Fisherman's Wharf from Powell to Hyde Streets (July 10, 2012)
- Request authorization to issue a Request for Proposal (RFP) to 501(c)3 non-profit organizations for a Youth Employment Program to help maintain the Port's property (July 10, 2012)
- Informational update on status of Port infrastructure work for America's Cup Events in 2012 and 2013 (August 14, 2012)
- Informational presentation on the status of the Pier 70 Master Plan Implementation (August 14, 2012)
- Informational presentation on the issuance of a Request For Qualifications (RFQ) for a Cruise Terminal Passenger Operations and Conference and Special Events Management Agreement at the Pier 27 James R. Herman Cruise Terminal (August 14, 2012)
- Request approval to enter into agreements with the San Francisco Municipal Transportation Agency and the regional bike share program operator to use Port property for the Bay Area Regional Bike Share Pilot Program (August 14, 2012)
- Request authorization to issue Request for Proposals for a Restaurant Opportunity Site located at 295 Terry A. Francois Boulevard, adjacent to Pier 50 (August 14, 2012)
- Request approval of proposed San Francisco Bay Conservation and Development Commission Special Area Plan amendment for Pier 27 Cruise Terminal and Northeast Wharf Project and 34th America's Cup Project amendments to the BCDC Special Area Plan (Date to be determined)
- Informational presentation on the status of yellow tagged Port facilities (Date to be determined)
- Request authorization to award Construction Contract No. 2723, Pier 70 Building 113 Stabilization (Date to be determined)
- Request authorization to award As-Needed Engineering and Related Professional Services (Date to be determined)

- Request approval of Lease No. L-14957 with Paul's Stores, Inc. DBA Cost/Less Inventory Services, a California Corporation for a term of twenty-four months for premises located at Pier 70, Building 2, and containing approximately 69,358 square feet (Date to be determined)
- Request approval to enter into an Exclusive Right to Negotiate Agreement (ENA) with Kinder Morgan Operating LP, owned by Kinder Morgan Energy Partners LP, to negotiate terms for entering into a lease of Port property to design, finance, build and operate a bulk cargo marine terminal at Pier 96 (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION
FROM MAY 18, 2012 TO JUNE 7, 2012

- From Zane Gresham, Morrison & Foerster, regarding 8 Washington/SWL 351 Project
- From Alec Bash, regarding 8 Washington/SWL 351 Project
- From Ellen Johnck, regarding 8 Washington/SWL 351 Project
- From Sue Hestor, regarding 8 Washington/SWL 351 Project
- From Toby Levine, regarding 8 Washington/SWL 351 Project
- From Janet Lautenberger, regarding 8 Washington/SWL 351 Project
- From Susan Brandt-Hawley, regarding 8 Washington/SWL 351 Project
- From Will Travis, regarding 8 Washington/SWL 351 Project
- From Taylor Safford, Pier 39, regarding Port of San Francisco Zero Waste Events and Activities Policy

JULY/AUGUST 2012
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
JULY 10	2:00 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
AUG. 14	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable). Contact Amy Quesada at 274-0406 or amy.quesada@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Rip Malloy @ 274-0267 or rip.malloy@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the second Thursday of the month at 5:00 p.m. in the Creek Room at Mission Creek Senior Building located at 225 Berry Street in San Francisco (along the Promenade just beyond the library.) Contact Catherine Reilly at the former Redevelopment Agency @ 749-2516 or catherine.reilly@sfgov.org

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION POLICY

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots: 3 spaces in the surface lot on the west side of the Embarcadero at Washington Street.

Hourly and valet parking is available in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa. Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Sections 67.1 et seq. of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Chris Rustom by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Rustom or by printing Sections 67.1 et seq. of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

June 7, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request endorsement of the Board of Supervisors Sole Source
Authorization for Negotiations between the City and County of San
Francisco and the Golden State Warriors

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Executive Summary

On May 22, 2012, Mayor Edwin M. Lee and the Golden State Warriors basketball team ("Warriors") announced a proposal to build a new privately financed state-of-the-art multi-purpose facility that would be used for Warriors' home games and other purposes, including conventions, at Piers 30-32 in time for the 2017 basketball season.

The attached Port Commission resolution endorses a Board of Supervisors resolution ("Sole Source Resolution") that finds that the competitive bidding policies of San Francisco Administrative Code Section 2.6-1 do not apply to the proposed transaction and authorizes the Office of Economic and Workforce Development ("OEWD"), working in consultation with Port staff, to enter sole source negotiations with GSW Arena LLC ("GSW"), a wholly owned subsidiary of GSW Sports LLC and an affiliate of the entity that owns the Warriors, to build a new privately financed, state-of-the-art multi-purpose facility that would be used for Warriors' home games and other purposes, including conventions, together with related public infrastructure and access improvements and other facilities, on Piers 30-32 and Seawall Lot 330 (the "Project").

Subsequent to Port Commission approval of the attached resolution and Board of Supervisors approval of the Sole Source Resolution, the Port Commission would authorize City staff to enter an Exclusive Negotiation Agreement ("ENA"), and subsequently would consider and recommend that the Board of Supervisors endorse a term sheet for the Project ("Term Sheet") and find that the Project is fiscally feasible

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after reviewing a fiscal analysis prepared pursuant to San Francisco Administrative Code Chapter 29 ("Fiscal Feasibility Analysis") prior to initiating Project review pursuant to the California Environmental Quality Act ("CEQA").

Background

The Warriors team was established in 1945 and played its home games in San Francisco from 1962 to 1971. The Warriors currently play home games at Oracle Arena in Oakland, under a lease that expires after the 2016-17 basketball season.

On May 22, 2012, Mayor Edwin M. Lee and the Warriors announced a proposal to build a new privately-financed state-of-the-art multi-purpose facility that would be used for Warriors' home games and other purposes, including conventions, at Piers 30-32 in time for the 2017 basketball season. The Project would include related public infrastructure, such as parking, retail and maritime uses and other facilities that would be constructed on the piers and on Seawall Lot 330 across the street from Piers 30-32.

The City, acting through the Port Commission, owns approximately 13 acres at Piers 30-32 located on the east side of The Embarcadero at Bryant Street, which is currently used for short-term parking accommodating up to about 1,000-1,500 automobiles, occasional cruise terminal berthing when the Pier 27 and Pier 35 cruise terminal berths are occupied and occasional lay-berthing such as for Fleet Week Naval vessels, and approximately 2.3 acres of undeveloped land at Seawall Lot 330 located on the west side of The Embarcadero between Beale and Bryant Streets, which is currently used for short-term parking accommodating up to about 260 automobiles (together, Piers 30-32 and such portion of Seawall Lot 330 are the "Site").

The Waterfront Land Use Plan, including the Design and Access Element (collectively, the "Waterfront Plan"), and the San Francisco Bay Conservation and Development Commission's ("BCDC") Special Area Plan for the San Francisco Waterfront ("Special Area Plan") recognize that the development of Piers 30-32 and the surrounding area should further the trust purposes of supporting maritime activities and expanding public use and enjoyment of the waterfront on trust lands at this location.

The Waterfront Plan identifies Piers 30-32 as a major, mixed-use development opportunity site. The Port has undertaken numerous unsuccessful attempts to develop the Site in accordance with the Waterfront Plan's objectives, including the recent effort related to the 34th America's Cup and a previous effort to develop the Bryant Street Piers Project, which was a fully entitled mixed-use, two berth international cruise terminal project. In each of those two instances the private project sponsor abandoned its plans due to much higher than expected costs to repair the Piers 30-32 substructure.

Piers 30-32, which has a limited remaining useful life, requires a substantial capital investment to repair the substructure and bring the piers up to modern seismic standards and to preserve the piers. While Port staff is implementing some structural improvements to Piers 30-32 in preparation for the 34th America's Cup, the vast majority of Piers 30-32 structural and seismic costs remain unfunded in the Port's FY 2013-2022 Capital Plan due to limited Port resources and competing Port priorities.

The Waterfront Plan contemplated the potential for developing an arena in the South Beach/Rincon Point Subarea of Port property at the current location of AT&T Ballpark, which is only within a few blocks of the Site. The Site offers an opportunity for the Warriors to return home to San Francisco and for GSW to develop a world-class recreation, entertainment, convention and event facility and ancillary uses that would be ideal for the Port, the City, the team, its fans and the public in the entire Bay Area region and would substantially improve public open space and expand public use and enjoyment of the waterfront on trust lands at this location. The Site provides a beautiful, vibrant and easily accessible place for the public from all over the Bay Area and beyond the Bay Area to enjoy and is easily accessible by multiple modes of public transportation including BART, MUNI, CalTrain, and ferry service.

The Proposed Project

GSW and City staff currently contemplate that the proposed project would be consistent with the BCDC Special Area Plan and generally consist of developing:

- a multi-purpose facility capable of being used as an event venue seating approximately 17,000-19,000 persons for Warriors' home games and other public assembly uses including conventions;
- public open space improvements;
- parking facilities;
- visitor-serving retail;
- maritime access, particularly along the north and east berths of Piers 30-32;
- other related uses on Piers 30-32;
- additional improvements on SWL 330; and
- transportation improvements.

The Project will undergo review and modification through CEQA, consultation with the public, and consultation with state agencies including BCDC and the California State Lands Commission.

GSW and City staff expect that Warriors basketball games would constitute no more than about a quarter of the total event days for the multi-purpose event facility, and GSW is committed to developing a use program for the facility that would include solicitation and promotion of additional uses and events that further the purposes of the Burton Act and the public trust for commerce, navigation and fisheries. GSW is also committed to developing a Project that displays world class technological features and design standards, that is environmentally sustainable, consistent with LEED principles, and that upholds and promotes the City's Transit First Policy.

GSW and the City are committed to designing the Project to ensure that it includes maximum feasible public access on Piers 30-32, including a significant extension of the Portwalk and major new Bay-oriented public open space on the piers that will comply with the public access and open space policies set forth in the Special Area Plan and take advantage of the Site's extraordinary proximity to the Brannan Street Wharf and the Brannan Street Wharf Open Water Basin between Piers 32 and 38. GSW is also committed to using the Bay as an asset in the design of the multi-purpose event facility.

The Office of Economic and Workforce Development ("OEWD"), in cooperation with Port staff, and GSW have been engaged in preliminary discussions to establish a general description for the proposed Project, including the general parameters of a fair market value long-term ground lease of Piers 30-32 and ancillary facilities as may be reasonably required, and the related fair market value long-term ground lease or other transfer of SWL 330, for the proposed Project. Similar to other Port development projects, the Project may include Infrastructure Financing District financing and rent credits to address extraordinary substructure costs. These terms would be further negotiated and described in greater detail in a Term Sheet, which would be subject to approval by both the Port Commission and the Board of Supervisors.

In order to negotiate these terms, City staff would seek the approval of the Port Commission to execute an ENA with the Warriors, as early as the July Port Commission meeting.

City Requirements

Any ground lease or other City contract relating to development of the proposed Project would be subject to the City's ordinance relating to labor representation procedures in hotel and restaurant developments in which the City has an ongoing proprietary interest (Administrative Code Sections 23.50 through 23.56) and the City's first source hiring program (Administrative Code Chapter 83), as they may apply to the proposed Project. GSW has stated its commitment to enter into an equal opportunity program in connection with the transaction documents for the proposed Project that will include a local hiring program and prevailing wage requirements.

Public Process

The Project will be subject to the BCDC Design Review Board process (with respect to Piers 30-32) and the City's Waterfront Design Advisory Committee process. These processes will examine the following issues, at a minimum:

- preserving the iconic views of the Bay Bridge from public view corridors, to the extent feasible;
- creating a design that respects the Embarcadero Historic District;
- using the Bay as an asset in the design of the proposed Project;

- enhancing Bay views and providing opportunities for public views of the Bay from unique elevations along the waterfront;
- creating ancillary parking facilities sized and located to minimize adverse impacts on public access; and
- providing plentiful and high quality bicycle parking for attendees of events at the multi-purpose facility.

City staff is consulting with GSW to determine additional public outreach strategies to engage San Francisco and regional stakeholders in the design and execution of the Project.

Public Trust Consistency

The proposed Project is a publicly-oriented use that will draw visitors from the entire Bay Area to this unique site along San Francisco Bay over 200 days each year. GSW and the City are committed to designing the proposed Project and its uses in consultation with the California State Lands Commission to provide a high-quality visitor experience before, during and after events that is appropriate to the Site and its Bay setting.

GSW and the City are also committed to designing the proposed Project to incorporate maritime use of the Piers 30-32 north and/or east berths, water-oriented transportation services and recreational boat access, visitor-serving retail and restaurants, major new open space, and event programming to benefit the Port, Bay maritime commerce, and other public trust purposes. The City and GSW will seek a public trust consistency determination from the California State Lands Commission.

Staff Recommendation and Next Steps

Port staff finds that the Project represents a unique opportunity to develop a critical area of the South Beach waterfront that has eluded the Port for several decades. Surface parking on Piers 30-32 is not the highest and best use for a 13 acre site with iconic views of the Bay Bridge. A multi-purpose event venue facility, which is by its nature the most public of uses conceivable for this unique site, is a rare chance to deliver the public benefits envisioned by the Waterfront Plan and the Special Area Plan for this important location.

Port staff recommends approval of the attached resolution which endorses the Board of Supervisors Sole Source Resolution (Board of Supervisors File #120625) and urges OEWD in consultation with Port staff to negotiate an Exclusive Negotiation Agreement with GSW for subsequent Port Commission review and approval, initiate public outreach to all interested parties regarding the Project, and to consult with the California State Lands Commission and BCDC regarding the Project.

OEWD and Port staff will return to the Port Commission as soon as feasible to update the Port Commission on public input received with respect to the Project and to seek authorization to enter an ENA with GSW.

Prepared by: Brad Benson, Special Projects Manager

For: Monique Moyer, Executive Director
Ken Rich, OEWD Project Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 12-50

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and
- WHEREAS, The City and County of San Francisco (the "City"), acting by and through the Port Commission (the "Port"), owns approximately 13 acres at Piers 30-32 located on the east side of The Embarcadero at Bryant Street ("Piers 30-32") and approximately 2.3 acres of undeveloped land at Seawall Lot 330 located on the west side of The Embarcadero between Beale and Bryant Streets ("SWL 330"), (together, Piers 30-32 and SWL 330 are referred to in this resolution as the "Site"); and
- WHEREAS, GSW Arena LLC ("GSW"), a wholly owned subsidiary of GSW Sports LLC and an affiliate of the entity that owns the Golden State Warriors basketball team (the "Warriors"), wishes to build a new privately financed state-of-the art multi-purpose facility that would be used for Warriors' home games and other purposes, including conventions, in San Francisco, together with related public infrastructure and access improvements and other improvements, on the Site, in time for the beginning of the 2017 National Basketball Association ("NBA") season; and
- WHEREAS, GSW and City staff currently contemplate that the proposed project would be consistent with the San Francisco Bay Conservation and Development Commission's ("BCDC") Special Area Plan for the San Francisco Waterfront (the "Special Area Plan") and generally consist of developing a multi-purpose facility capable of being used as an event venue seating approximately 17,000-19,000 persons for Warriors' home games and for other public assembly uses, including conventions, public open space improvements and parking facilities, visitor-serving retail, maritime access, and other related uses on Piers 30-32, together with additional improvements on SWL 330 and transportation improvements, all subject to such changes as the parties may agree including in connection with the environmental review, public review and State-agency review processes (the "Project"); and
- WHEREAS, Any ground lease or other City contract relating to development of the proposed Project would be subject to the City's ordinance relating to labor representation procedures in hotel and restaurant developments in which the City has an ongoing proprietary interest (Administrative Code Sections 23.50 through 23.56) and the City's first source hiring

program (Administrative Code Chapter 83), as they may apply to the proposed Project; and

- WHEREAS, The Office of Economic and Workforce Development ("OEWD"), in cooperation with Port staff, and GSW have been engaged in preliminary discussions to establish a general description for the proposed Project, including the general parameters of a fair market value long-term ground lease of Piers 30-32 and ancillary facilities as may be reasonably required, and the related fair market value long-term ground lease or other transfer of SWL 330, for the proposed Project; and
- WHEREAS, As set forth in Administrative Code Section 2.6-1, the Board of Supervisors' policy is to approve only such proposed leases involving City property or facilities that departments have awarded to the highest responsible bidder under competitive bidding procedures, except where competitive bidding is impractical or impossible; and
- WHEREAS, Piers 30-32, which has a limited remaining useful life, requires a substantial capital investment to repair the substructure and bring the piers up to modern seismic standards and to preserve the piers, which costs are not funded in the Port's FY 2013-2022 Capital Plan due to limited Port resources and competing Port priorities; and
- WHEREAS, The Waterfront Land Use Plan and the BCDC Special Area Plan recognize that the development of Piers 30-32 and the surrounding area should further the trust purposes of supporting maritime activities and expanding public use and enjoyment of the waterfront on trust lands at this location; and
- WHEREAS, The Waterfront Plan identifies Piers 30-32 as a major, mixed-use development opportunity site, and the City, through the Port, has undertaken numerous unsuccessful attempts to develop the site in accordance with the Waterfront Plan's objectives, including the recent effort related to the 34th America's Cup and a previous effort to develop a fully entitled mixed-use, two berth international cruise terminal, where in each of those two instances the private project sponsor abandoned its plans due to much higher than expected costs to repair the Piers 30-32 substructure; and
- WHEREAS, The Waterfront Plan contemplated the potential for developing an arena in the South Beach/Rincon Point Subarea of Port property (at the current location of AT&T Ballpark), which is only within a few blocks of the Site; and
- WHEREAS, GSW, the Port and the City are committed to designing the Project in consultation with the BCDC and the California State Lands Commission to ensure that it complies with BCDC policies, including the Special Area Plan, and that the project is consistent with the public

trust for commerce, navigation and fisheries, as described in greater detail in the staff report accompanying this resolution; and

WHEREAS, The proposed Project would generate substantial public benefits for the City, including the Port, such as: (1) the repair, improvement and productive reuse of Piers 30-32, (2) the construction of needed infrastructure improvements that benefit the Site and the surrounding public trust lands and other areas, (3) the generation of significant new jobs and economic development in a short period, including significant opportunities for local residents, (4) the attraction of many people from the City and all over the region to enjoy the waterfront and the Bay and to patronize businesses on the Site as well as other Port-owned land and privately owned property in the vicinity of the Site, and (5) the enhancement of the City's tourism industry, including providing an additional venue for trust related events, conventions, sporting events, concerts and other special events; and

WHEREAS, On June 5, 2012, a resolution was introduced at the Board of Supervisors finding that the competitive bidding policy set forth in Administrative Code Section 2.6-1 does not apply to the potential Project and endorsing sole source negotiations with GSW (Board of Supervisors File #120625, the "Board Sole Source Resolution"); and

WHEREAS, Subject to the successful negotiation of an ENA with GSW, OEWD, working in concert with the Port and other City agencies, intends to return to the Port Commission and the Board of Supervisors in several months with a proposed term sheet based on a fair market value transaction for the proposed Project for the Port Commission and the Board to consider endorsing, in conjunction with the Board's consideration of a fiscal feasibility report and a resolution making fiscal feasibility findings consistent with Administrative Code Chapter 29; and

WHEREAS, The Port Commission is proud of the success of the privately financed waterfront ballpark, which is the home of the San Francisco Giants (the "Giants") and which has greatly enhanced public access to and enjoyment of the Bay; the Port Commission recognizes the efforts the Giants have made and continue to make to have neighborhood and community support for the ballpark; and the Port Commission wishes to ensure the continued success of the ballpark and to address the parking and transportation needs of the Giants, including in the context of the proposed Mission Rock development and the proposed Project; now, therefore, be it

RESOLVED, That the Port Commission finds that due to regional civic attributes of the Warriors, the unique opportunity presented by GSW's proposal to build a new multi-purpose facility that would be used for Warriors' home games and other purposes, including conventions, and related improvements at the Site and the public benefits to the City and the

region that the proposed Project would produce, all as further described above, sole source negotiations by City and Port staff with GSW for the proposed Project at the Site consistent with the Board Sole Source Resolution is in the City's and the Port's best interests, and, subject to the Board's approval of the Board Sole Source Resolution, the Port Commission endorses such sole source negotiations with GSW; and be it further

- RESOLVED, That the Port Commission authorizes staff to negotiate an ENA with GSW for the proposed Project consistent with the Board Sole Source Resolution, which ENA shall be subject to the Port Commission's approval; and be it further
- RESOLVED, That the Port Commission urges OEWD, the Port and GSW to engage in outreach to affected and interested neighbors, community members, tenants, industry partners and stakeholders to ensure that the proposed Project is designed with maximum public input, and to work closely with the San Francisco Giants to ensure the continued success of the ballpark project, to address parking and transportation needs and to coordinate with the proposed Mission Rock project; and be it further
- RESOLVED, That the Port Commission urges OEWD and the Port to work closely with state agencies having jurisdiction over waterfront development, including the State Lands Commission and BCDP, to develop the project description for the proposed Project; and be it further
- RESOLVED, That the Port Commission urges OEWD, in cooperation with the Port Director and with the assistance of Port staff, the City Attorney's Office and other City officials as appropriate, to make evaluation of the proposed Project among its highest priorities and take all actions needed to further the process of developing a description for the proposed Project, and negotiating an ENA and then a term sheet with GSW, consistent with this resolution; and be it further
- RESOLVED, That the Port Commission acknowledges that the City may commence environmental review of the proposed Project under CEQA if and when the Board of Supervisors makes the required findings of fiscal feasibility and responsibility under Administrative Code Chapter 29, and nothing in this resolution implements any approvals or facilities for the proposed Project, grants any entitlements for the proposed Project or includes any determination as to whether the Port Commission or any other unit of City government should approve the proposed Project, nor does adoption of this resolution foreclose the possibility of considering alternatives to the proposed Project, adopting mitigation measures or deciding not to approve the proposed Project after conducting appropriate environmental review under CEQA; and the Port Commission further acknowledges that any development shall be

conditioned on the project sponsor first receiving all required regulatory approvals, including, but not limited to, approvals from various City and State agencies with jurisdiction, following CEQA review.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 12, 2012.

Secretary



MEMORANDUM

June 7, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Informational presentation regarding the National Park Service selection process for a proposed embarkation site for ferry service between the northern San Francisco waterfront and Alcatraz Island

DIRECTOR'S RECOMMENDATION: Informational Only -- No Action Required

BACKGROUND

The Golden Gate National Recreation Area (GGNRA), established as a unit of the National Park Service (NPS) in 1972, encompasses more than 80,000 acres of coastal lands in Marin, San Mateo and San Francisco counties. One of GGNRA's most prominent jewels is Alcatraz Island which is historically significant as part of early coastal fortification systems and later as a federal prison. Since 1972, the Port of San Francisco has served as the embarkation point for tourists and local residents visiting Alcatraz Island. Each year more than 1.4 million visitors visit Alcatraz Island by ferry from Pier 31½ on the northern waterfront, which is the only embarkation point for service to the island. The ferry service is provided by Alcatraz Cruises, LLC, an affiliate of Hornblower Yachts, Inc. under a 10-year concession contract managed by NPS. Between 4,000 and 5,000 people visit Alcatraz Island each day.

While there is some seasonal variation, the Alcatraz Island ferry service operates a full daily schedule nearly all year long. The number of visitors is not dependent on ferry capacity, but limited by the NPS ability to provide an enjoyable experience at the park site as defined by measures of visitor satisfaction and the ability to protect park resources.

Though visitation of Alcatraz Island is managed through a reservation system, the ferry embarkation site is more than just a transit terminus. The embarkation site has the

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potential to serve as an important gateway and transit point between the historic San Francisco waterfront and the natural, cultural, scenic resources of Alcatraz Island and other GGNRA park sites. There is an opportunity to make Alcatraz Island landing a distinct, first-class experience for tourists and local residents.

Between 1972 to 2005, Red & White and Blue & Gold fleets, under contracts to the NPS, provided service to Alcatraz Island at Pier 41. In 2005, the base of operations was moved to Pier 31½ when Hornblower was awarded the 10-year concession contract through a competitive process governed by federal law. One condition of the concession contract required Hornblower to lease a Port site, which they have been doing at Pier 31½ since 1997.

In anticipation of the expiration of the concession agreement in 2016, NPS intends to initiate a process to select a long-term ferry embarkation site and, afterwards, award the next concession contract. A long-term site could provide a stable and consistent ferry terminus to Alcatraz Island. Having a long-term site also enables NPS to invest in the site through successive concession contracts, improve the visitor welcome, orientation and interpretation at the site, which could serve as a focal point for not only Alcatraz Island but other GGNRA sites. Federal law limits the ferry concession contract to a term of no more than 10 years.

NPS SITE SELECTION PROCESS

NPS approached the Port and requested information on the conditions of several piers that could be considered for the ferry embarkation site. Depending on the outcome of this planning process the NPS could potentially enter into a property agreement with the Port that would be implemented after the expiration of the current NPS concession agreement with Hornblower. The Hornblower lease with the Port at Pier 31½ expires on October 31, 2014.

An NPS representative will address the Port Commission on June 12, 2012 and describe the NPS site selection process. This spring, NPS issued a Notice of Intent (NOI) to prepare an Environmental Impact Statement (EIS) for a proposed long-term ferry embarkation site for ferry service between the northern San Francisco waterfront and Alcatraz Island; the EIS will also evaluate the potential for a secondary ferry service to provide cross-bay connection from San Francisco to Sausalito and/or Fort Baker. NPS intends to use the environmental review process of the National Environmental Policy Act (NEPA) as a means to select a northern San Francisco waterfront site.

With publication of the NOI, NPS initiated a 60-day public scoping process. The purpose of this process is to elicit public comment regarding the spectrum of issues and concerns, a suitable range of alternatives, the nature and extent of potential environmental impacts, ecological benefits and appropriate mitigation measures that should be addressed in the EIS process. During the scoping process, suggestions and comments can be sent online at <http://parkplanning.nps.gov/AlcatrazFerry> or mailed to the Superintendent at the GGNRA's Fort Mason headquarters.

Two public meetings are scheduled. The first will be at Fort Mason on June 26, 2012 from 4:30 – 7:30 pm. The second will be in Sausalito City Hall on June 28, 2012 from 5:30 – 7:30 pm.

NPS anticipates that the Draft EIS will be available for public review in mid-2013. Public meetings will be held after distribution of the Draft EIS to provide further opportunities to comment on the document. Dates and locations for these will be determined at the time when the Draft EIS is ready for release. The Final EIS and Record of Decision are anticipated to be complete in 2014.

NPS OBJECTIVES

NPS objectives include creating a ferry embarkation site that:

- Establishes a long-term (at least 50 years) primary location for visitor access to Alcatraz Island.
- Is economically feasible and sustainable, by enabling substantial reinvestment of ticket sales needed on Alcatraz Island and on other park facilities and visitor programs.
- Accommodates the critical facilities and programs needed for visitors and staff safety and comfort, and provides for efficient ferry boat operations.
- Provides an identifiable area for a quality welcome, orientation, and interpretation of the natural, cultural, scenic, and recreational resources of Alcatraz Island, GGNRA, and the larger national park system.
- Provides facilities for expanded ferry service to accommodate existing and future visitor demand for travel to Alcatraz Island, the Marin Headlands, and by connecting shuttle bus to Muir Woods.

PORT OBJECTIVES

The Port has a strong interest in retaining the Alcatraz Island ferry service within its jurisdiction because of its ability to bring visitors and local residents to the waterfront, preserve and enhance maritime activities, and generate revenue to the Port for its on-going need to invest into the waterfront infrastructure.

SITES UNDER CONSIDERATION

In May 2001, NPS conducted a draft feasibility study that identified nine potential sites located either at the Port of San Francisco or at GGNRA (Fort Mason). Of these sites, the following sites are being considered under the NEPA process (see Attachment A):

Port of San Francisco

- Pier 31½: As shown on Attachment B, this is the existing location of the Alcatraz Island ferry service operated by Alcatraz Cruises LLC (Hornblower). Since March 2006, Hornblower has had a ten year concession contract with the National Park Service. The Hornblower leasehold is comprised of approximately 43,000 square feet of open apron space and 22,000 square feet of vessel berth space under lease until October 31, 2014. The Pier 31½ site includes: an open apron space with a passenger queuing area, limited parking, a mobile snack cart and a variety of visitor interpretative exhibits. The open water berth contains floats and ramps for boarding two ferries and a service vessel. This site also includes Pier 33 shed space which contains storage, maintenance materials and portable public toilets.

According to the draft NPS feasibility study, the future embarkation facility at this site may occupy the existing Pier 31½ apron and berth space plus a portion of the adjacent Pier 31 shed which is currently vacant. The proposed NPS facility within the Pier 31 shed may range from 39,000 to 47,000 square feet. Currently, a significant portion of the Pier 31 shed superstructure has been rated red by Port Engineering; the substructure and the aprons have been rated green.

- Pier 41: This is the existing location of Blue & Gold Fleet which operates the ferry service to Alameda, Vallejo, Sausalito and Tiburon. The Blue & Gold leasehold is comprised of approximately 60,000 square feet of land, apron and berth space including the approximate 15,000 two story, non-historic building under lease until March 31, 2015. The site contains a two story building with a ticket booth, snack shop, bike rental, retail stores, storage, public restrooms and office space.

The NPS feasibility study stated that development of an Alcatraz Island embarkation facility may result in the demolition and reconstruction of the building and reuse of three of the four ferry gates. The site is more constrained than the other sites due to size and public access requirements.

- Pier 45: This includes the 75,000 square foot historic Shed A and the adjacent apron. The primary use of this shed is parking which is operated by Central Parking. This lease expires March 31, 2013. Other Shed A tenants include: the San Francisco Museum and Historical Society which occupies 9,400 square feet on a month to month lease; the San Francisco National Maritime Park Association which occupies approximately 5,800 square feet with a lease expiration of June 30, 2015; and the San Francisco Maritime National Park Association which occupies a 2,400 square-foot visitor center and ticket sales with a lease expiration of September 30, 2014.

In addition, Port Maintenance utilizes the back portion of the shed for servicing Fisherman's Wharf operations. The berth and adjacent apron space along the eastern portion of Shed A is leased to the San Francisco National Maritime Park

Association for the berthing of the USS Pampanito, an historic WWII submarine. Along the Shed C apron is the berth which is leased to the San Francisco Maritime National Park Association for the USS Jeremiah O'Brien, a historic WWII Liberty ship. This lease expires on September 30, 2014. Golden Gate Scenic Steamship (Red & White Fleet) operates the adjacent three berths at Pier 43½ plus approximately 15,000 square feet of apron space for a ticket booth and bike rental with a lease expiration of July 31, 2015.

The NPS feasibility study noted that land-side facilities for an Alcatraz Island embarkation facility may be located in a portion of the existing Pier 45 Shed A, which would not require structural upgrades. The ferry float and ramp would be constructed and attached to the eastern apron of the pier and would likely require construction of a breakwater.

Fort Mason Sites

- Piers 1-2: The NPS feasibility study noted that an embarkation facility in this location may involve the construction of the ferry float and ramp between the two piers. Development of a ferry float and ramp may require wave baffling to Pier 1. Landside facilities may be constructed in Pier 1. Pier 1 is condemned and currently vacant, while Pier 2 contains the Herbst Pavilion and Cowell Theaters.
- Piers 2-3: The NPS feasibility study shows that new ferry berths would have to be constructed. The landside facilities would be located in Pier 3 Shed and Building E or, alternatively, new structures might be developed. Pier 3 shed is approximately 55,000 square feet and currently contains the Festival Pavilion which is used primarily for special events. Building E is adjacent to this site and houses a number of non-profit organizations and the San Francisco Maritime Historic Park Library.
- Piers 3-4: The NPS feasibility study describes this option to include development of ferry berths and land-side facilities at Pier 3 as well as construction of an over-water walkway that may connect Pier 3 with Pier 4 and Aquatic Park. Ferry berths located on the east side of Pier 3 may require a breakwater for storm wave protection.

Through the scoping process, other sites that meet the project objectives could be added or subtracted.

As noted above, NPS intends to identify a draft preferred location/alternative for a long-term ferry site by fall 2013. NPS staff has sought Port staff's cooperation in the site selection planning process to understand the alternatives within Port jurisdiction, and to keep the Port apprised of the NEPA process. If a Port site is selected, NPS may request to exclusively negotiate with the Port for a lease and development agreement with the Port for that particular site. If this occurs, preparation of a separate Environmental Impact Report (EIR) under the California Environmental Quality Act (CEQA) could be

required. However, the CEQA process would likely be facilitated by the information and analyses contained in the EIS.

Once a site is selected and potentially secured, then NPS intends to initiate a concession selection process for the 10-year Alcatraz Island ferry operation. NPS anticipates that next ferry contract can be awarded by 2016.

It should be noted that the site selection and concession selection processes are independent of one another. NPS selection of the long-term site will not take into consideration the current Port leases. For example, if the NPS selects Pier 31½ for the long-term site, NPS would not guarantee that Hornblower would be awarded the concession, nor any advantage to Hornblower in the competitive concessions award process. This may lead to displacement of a tenant that previously had a lease with the Port at the selected site upon expiration of the tenant's current lease.

NEXT STEPS

Port staff will continue to work with NPS to provide information and analysis of the identified Port facilities with the objective to facilitate a well informed decision by NPS. It is staff's intention to try to retain the Alcatraz Island ferry service within the northern waterfront of the Port. When additional information becomes available through the NEPA process, Port staff will provide this information and analysis to the Port Commission.

Prepared by: John Doll, Project Manager
Planning & Development

Jay Edwards, Senior Property Manager
Real Estate

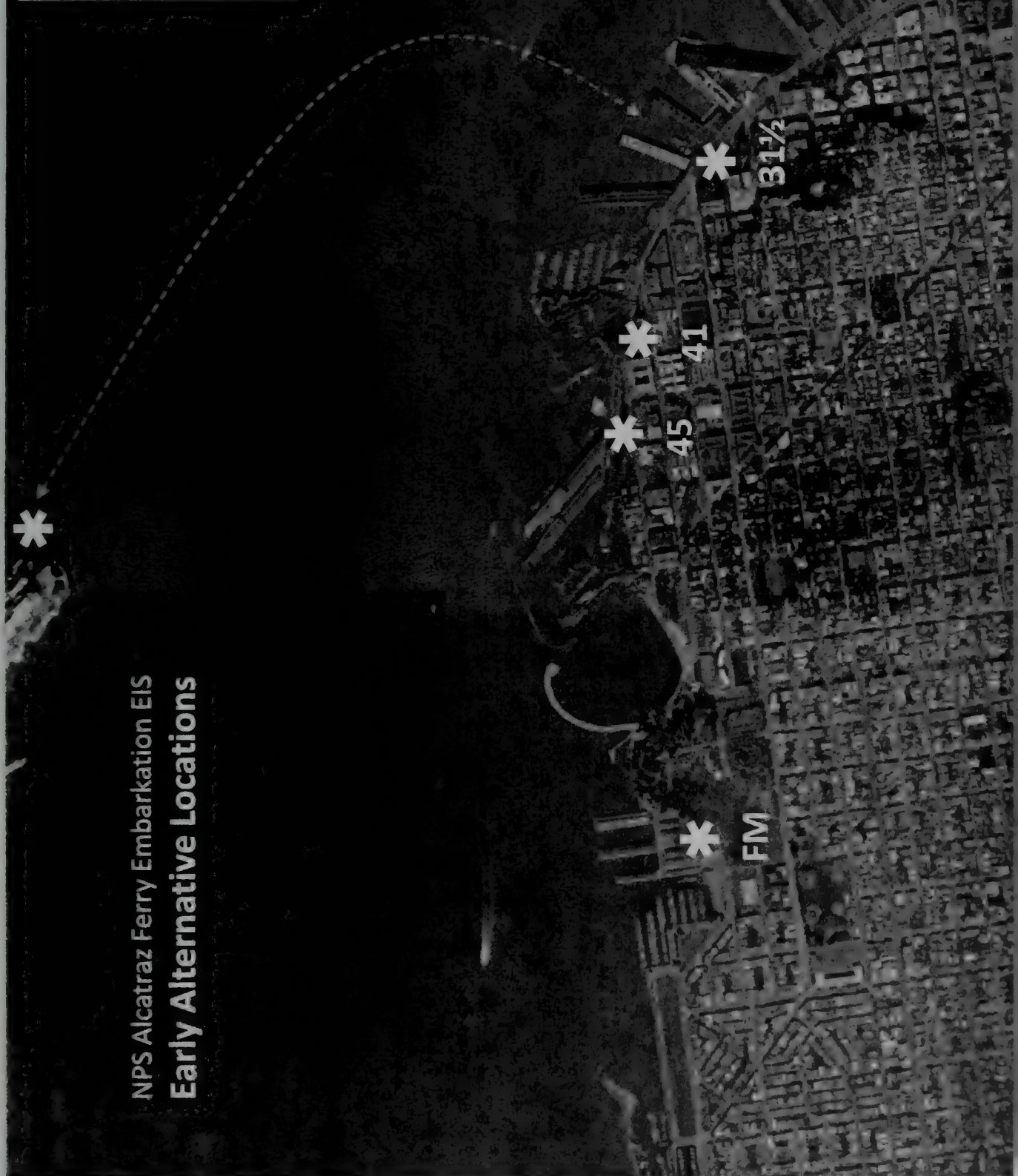
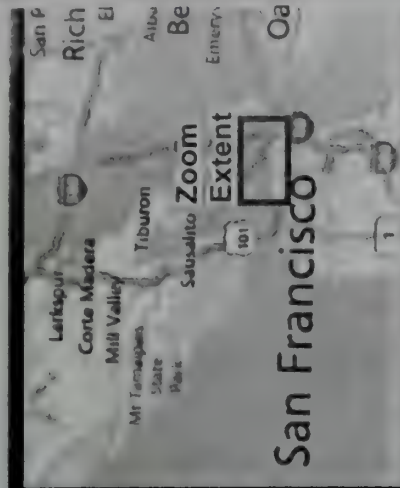
For: Byron Rhett, Deputy Director
Planning & Development

Susan Reynolds, Deputy Director
Real Estate

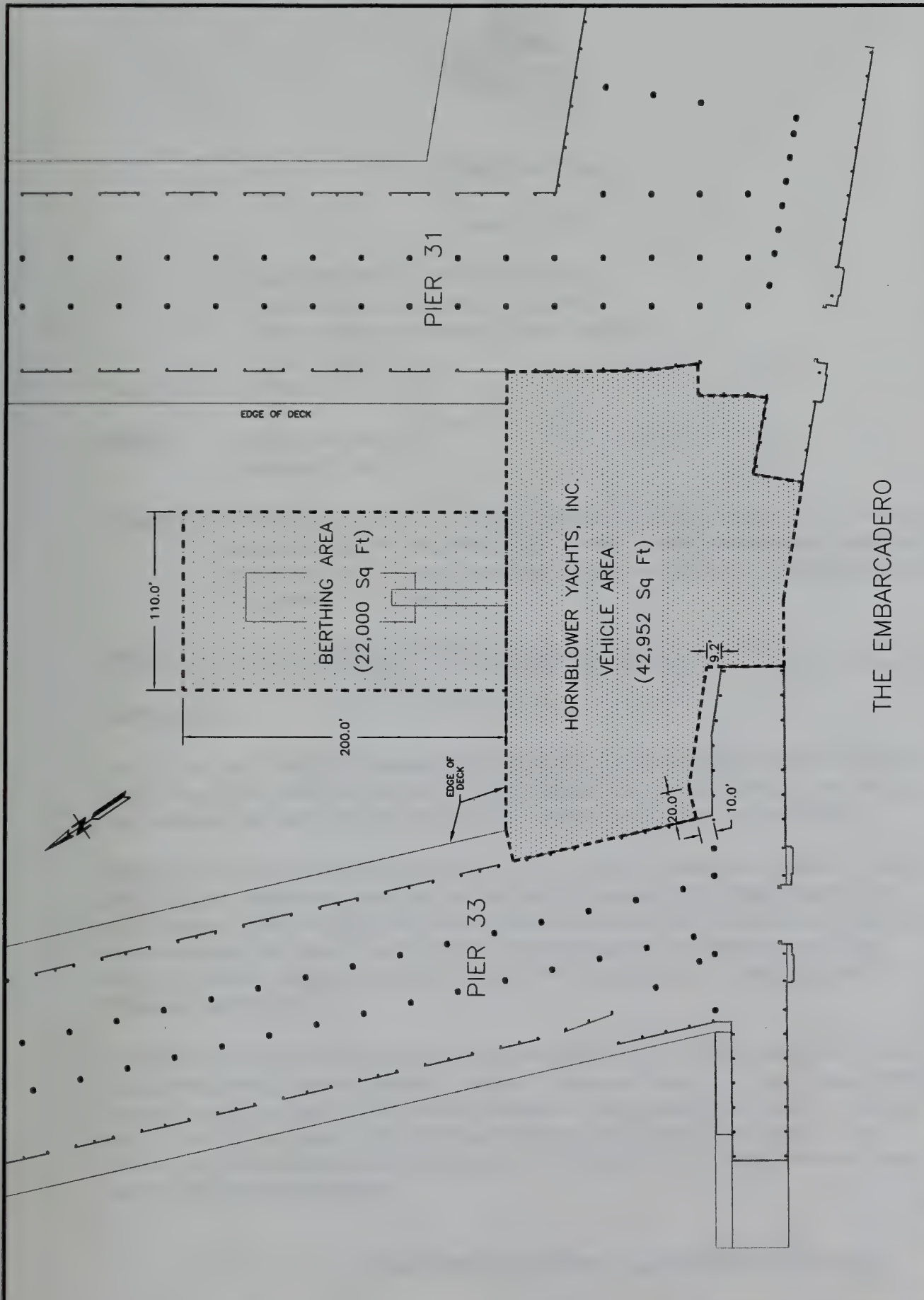
Attachment A: Port of San Francisco and Fort Mason sites

Attachment B: Pier 31½ Site Map

NPS Alcatraz Ferry Embarkation EIS Early Alternative Locations



June 2012



SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

PIER 31 1/2
HORNBLOWER CRUISES & EVENTS

DRAWN BY: ECC	DATE: JUN 5, 2012
CHECKED BY: J. DOLL	SCALE: 1" = 80'

DATE: JUN 5, 2012
SCALE: 1" = 80'

SHEET NO.

1335-00

OF SHEETS

CITY OF LOS ANGELES



MEMORANDUM

June 7, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request approval of Memorandum of Understanding No. M-15137 between the Port and the San Francisco Police Department, to station the San Francisco Police Department Marine Unit at the Hyde Street Harbor for a term of 60 months

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Background:

The Port of San Francisco manages a wide variety of waterfront facilities as diverse as a ballpark, cruise terminals, cargo piers, small craft harbors, ferries, and tourist destinations that require security from both the waterside and the landside.

Beginning in the late 1800s, the San Francisco Police Department ("SFPD") started patrolling the waterfront from the Harbor District Station. SFPD launched its first patrol boat in 1908. In 1950 the California State Harbor Patrol took over policing of the waterfront. The State Harbor Patrol was eventually absorbed into the San Francisco Police Department, and in 1992 SFPD again began patrolling the San Francisco waterways.

In 2003, the Port and SFPD executed Memorandum of Understanding (MOU) No. M-13380 which relocated the Marine Unit from Treasure Island to Hyde Street Harbor, a more central and active part of the waterfront. This greatly improved the response time to key Port facilities. The continuous presence of the Marine Unit on Port property significantly increases the safety and security of Port staff, tenants, visitors and the maritime community.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

In 2008, upon expiration of the original MOU, the Port and SFPD entered into a second MOU, M-14562, with the same terms as the original MOU. In 2011, to facilitate construction of the new Joint Operations and Security Center (JOS) on a portion of the premises leased to the SFPD Marine Unit in M-14562, the Port's Executive Director and Chief of the SFPD entered into a Letter Agreement temporarily relocating the SFPD Marine Unit to another office and an additional gear storage location in Fisherman's Wharf for the duration of construction. With construction of the new JOS on Wharf J-11 nearing completion, the Port and SFPD now wish to enter into a third MOU for office, shed and gear storage space, parking for official SFPD vehicles and vessel berthing space. Port staff has prepared MOU No. M-15137, which contains the following terms and conditions for the Port Commission's review and consideration:

PROPOSED TERMS:

<u>Term:</u>	The MOU is effective for 60 months from the effective date, then terminates. SFPD shall have the right to terminate this MOU on 30 days prior written notice, if SFPD determines it does not need the Premises for the operation of its Marine Unit.
<u>Effective:</u>	July 1, 2012
<u>Premises:</u>	• Parcel A: approximately 2,564 square feet of office, shed and gear storage space in the Joint Operations and Security Center (JOS), and approximately 982 square feet of adjacent parking space. (See Exhibit A) • Parcel B: 4 parking spaces for official SFPD vehicles in the parking lot located behind 490 Jefferson. • Parcel C: vessel berths 259, 260, 261 & 262, as well as 74 linear feet of adjacent end tie space at Hyde Street Harbor. (See Exhibit A)
<u>Use:</u>	Office, gear storage, official vehicle parking, vessel berthing and related activities.
<u>Use Fee:</u>	\$1.00 per month
<u>Utilities:</u>	Pro-rata share is responsibility of SFPD, to be billed on a monthly basis.
<u>Maintenance:</u>	SFPD is solely responsible for the maintenance of their premises. This does not include the Port's portion of the JOS.

RECOMMENDATION:

Port staff recommends that the Port Commission approve Memorandum of Understanding No. M-15137 between the Port of San Francisco and the San Francisco Police Department for the rental of facilities located at Hyde Street Harbor for a term of 60 months.

Prepared by: Sidonie Sansom
Director of Homeland Security

For: Susan Reynolds
Director of Real Estate

Attachment
Exhibit A – Map of JOS and Parcels

**PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 12-51

- WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and
- WHEREAS, Section 3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and
- WHEREAS, the San Francisco Police Department Marine Unit provides maritime law enforcement and seaport security vital to the Port of San Francisco's operations; and
- WHEREAS, the Marine Unit has utilized facilities at the Hyde Street Harbor since 2003 under previous Memorandums of Understanding, most recently No. M-14562 as amended by the Letter Agreement dated May 25, 2011; and
- WHEREAS, the presence of the Marine Unit increases the security of the public, as well as Port staff, and results in improved law enforcement along the waterfront; now, therefore, be it
- RESOLVED, that the Port Commission hereby approves Memorandum of Understanding No. M-15137 upon the terms and conditions set forth in the Agenda Item ____ for the June 12, 2012 Port Commission meeting and authorizes the Executive Director to execute the Memorandum of Understanding with the San Francisco Police Department in such final form as is reviewed by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 12, 2012.

Secretary

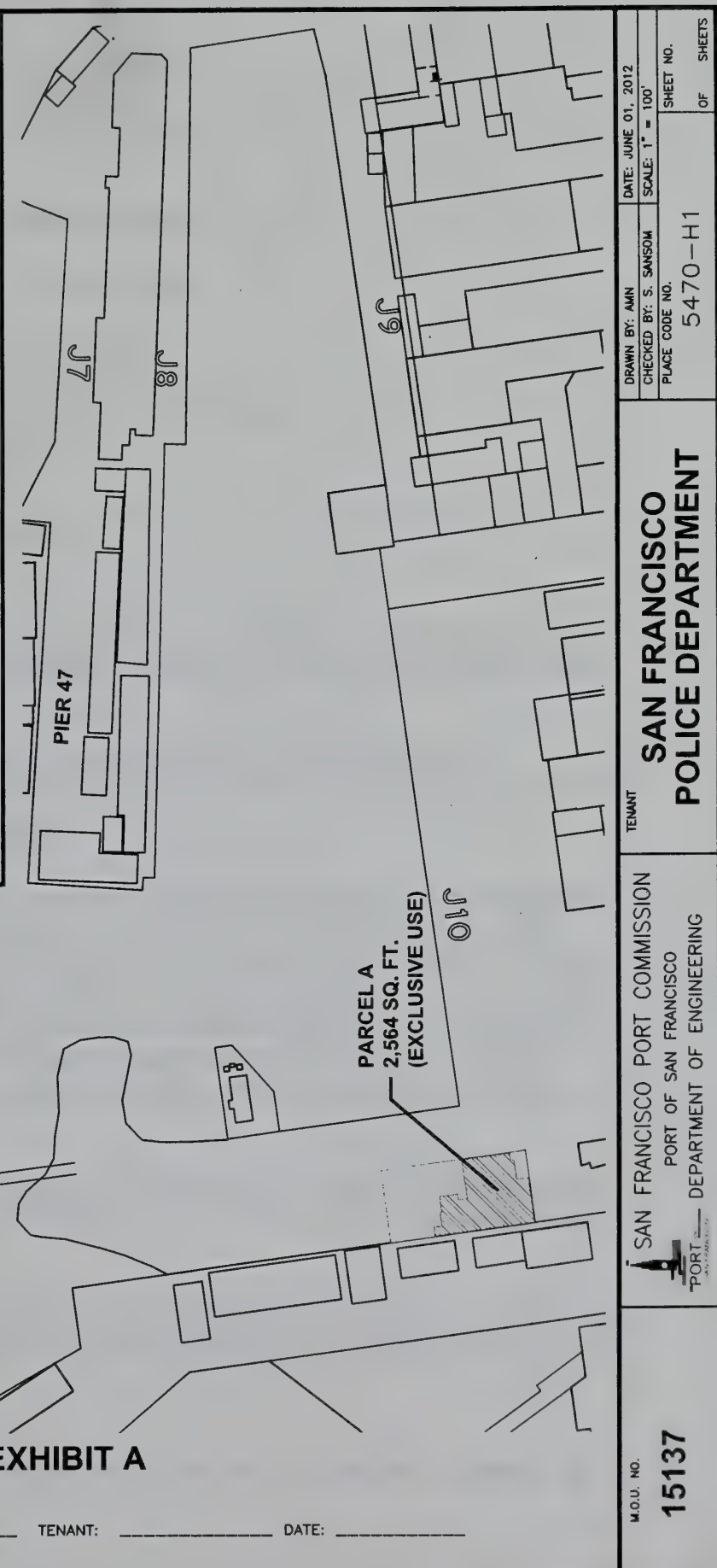
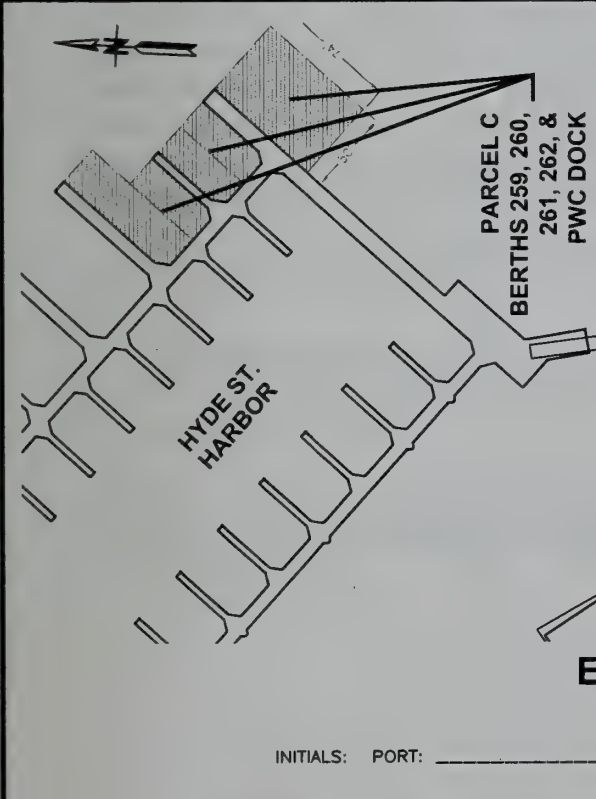
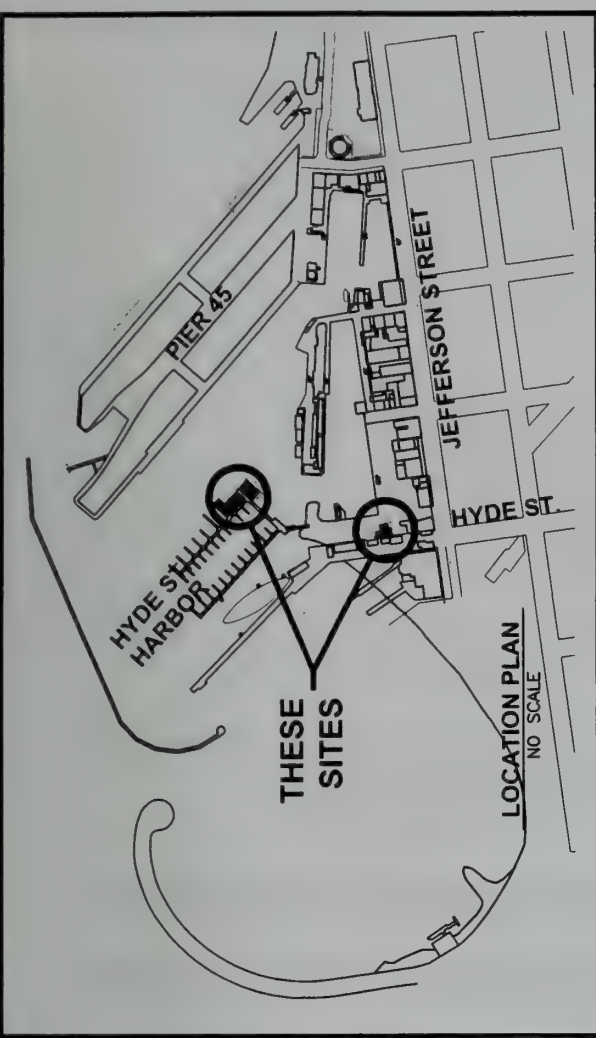


EXHIBIT A

INITIALS: PORT: _____ TENANT: _____ DATE: _____

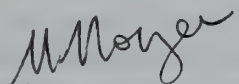
M.O.U. NO. 15137	 SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT SAN FRANCISCO POLICE DEPARTMENT	DRAWN BY: AMN CHECKED BY: S. SANSOM PLACE CODE NO.	DATE: JUNE 01, 2012 SCALE: 1" = 100' SHEET NO.	5470-H1 OF SHEETS
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MEMORANDUM

June 7, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Informational Presentation regarding the Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates

DIRECTOR'S RECOMMENDATION: Information Only-No Action Required

MONTHLY RENTAL RATE SCHEDULE

On September 8, 1993, the Port Commission (Resolution No. 93-127, as amended by Resolution 93-135) delegated authority to the Executive Director to approve and execute leases, licenses, and Memorandums of Understanding on behalf of the Port, provided that the terms of these agreements met certain parameters as found in the Port's Leasing Policy. Contained within the 1993 delegated authority is a schedule of minimum rental rates for leases which can be executed by the Executive Director without Port Commission approval. Such delegated authority can only be executed under the following criteria:

1. The agreement is for an office building or bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, or open pier or apron space but is not for a retail use;
2. Except for temporary uses (with terms not exceeding six (6) months), the use under the agreement represents a like-kind use to the existing or the immediate prior use of the facility;

THIS PRINT COVERS CALENDAR ITEM NO. 9B

3. Unless required by the Lease, staff is authorized to consent to assignments and subleases on a form approved by the City Attorney and provided the terms and conditions of the sublease or assignment complies with the terms and conditions of the lease;
4. The tenant executes the Port's standard form agreement with no alterations except for minor changes approved by the City Attorney or changes in insurance requirements approved by the City Risk Manager;
5. The term of the agreement does not exceed five (5) years, except those leases in the Fisherman's Wharf Seafood Center at Pier 45 Sheds B and D may have a maximum lease term of ten (10) years, (Port Resolution No. 94-122; Amended February 28, 2006, by Resolution No. 06-15);
6. Port staff has the authority to issue tenant improvement allowances for floor and wall coverings if those credits do not result in the net rent over the term of the lease to be below the Minimum Net Effective Rental Rates found in the Rental Rate Schedule. Allowances for paint (Amended June 8, 2010 by Resolution 37-10) up to a maximum of \$3.50 per square foot, and for floor covering, up to a maximum of \$3.50 per square foot, are allowable when: 1) new paint and/or floor covering is necessary in order to lease space in full service office buildings; and 2) Port staff is unable to perform such work prior to the proposed lease commencement date. These allowances are considered "landlord's work." Therefore, such work is not included in calculating the minimum Initial Lease Rental Rates. Port staff recommends increasing the maximum allowance for floor covering to \$5.00 per square foot based on current market costs for such work;
7. One month early entry for each year of lease term, up to three months, for the purpose of space preparation (Amended July 14, 2009 by Resolution No. 09-34);
8. Port staff is authorized to offer a 5% discount for land transactions with a minimum premise of 43,560 square feet and a minimum term of 36 months (Amended June 8, 2010 by Resolution 37-10); and
9. Port staff provides a monthly report to the Port Commission indicating Leases, Licenses, Memorandums of Understanding, consents to subleases, and assignments executed pursuant to this policy.

The Port's Leasing Policy provides for an annual update of the Rental Rate Schedule. The Schedule sets ranges of minimum lease/license rental rates per square foot and ranges of minimum net effective rental rates per square foot (if any rent credits are to be provided) by type of use and facility for office, shed and industrial space. The Port Commission last updated the Rental Rate Schedule on July 12, 2011 by Resolution No. 11-46, attached hereto as Exhibit A.

MARKET SUMMARY

The San Francisco office market continued to improve at a steady pace through the first quarter of 2012. The overall San Francisco office market experienced 388,864 square feet of positive net absorption in the first quarter of 2012. Asking rents strengthened and are on track to grow at a modest pace through 2012. Parallel to the improving Real Estate market, San Francisco's unemployment rate dropped from 9.1 percent in early 2011 to 8.0 percent in the first quarter of 2012.

The demand for space along the waterfront is improving. The Port's current office vacancy rate is about 10.1% (excludes facilities in the America's Cup Host City Agreement) which is lower than the citywide office vacancy rate of approximately 11%. The Port's combined average vacancy rate for office and warehouse is 3.5%. Comparatively, the Port's 1Q 2011 office vacancy rate was 17% and the citywide office vacancy rate was 14.5%.

Port staff has reviewed available commercial data including market comparables of similarly situated properties to that of Port properties, the results of which are included in a table on page 4 of this report: *San Francisco Office Submarket Report 1Q 2012*. Port staff also reviewed Port leasing activity for the prior 12 months included as Exhibit B. This data demonstrates that the Port's current Rental Rate Schedule is generally in line with current market conditions. However, there are some rates, as indicated below, that Port staff recommends changing to better reflect the current market conditions. The Port has contracted with Keyser Marston Associates to review the proposed Fiscal Year 2012-13 Monthly Rental Rate Schedule. Staff anticipates the completion of this report when Staff returns to the Port Commission for approval in July 2012.

Port staff continues to have the authority to negotiate higher rates than those found in the Rental Rate Schedule and, conversely, staff has the flexibility to quote rates in the mid-range or lower range of the Rental Rate Schedule when justified, for properties that may be physically sub-standard or oddly configured. In the majority of transactions, Port staff successfully negotiates rates above the Minimum Monthly Rent Parameters.

Office buildings are classified according to a combination of location and physical characteristics. *Class B* and *Class C* buildings are always defined in reference to the qualities of *Class A* buildings. There is no formula for classification but rather buildings are evaluated subjectively.

Class A office space can be characterized as buildings that have excellent location and access, attract high quality tenants, and are managed professionally. Building materials are of high quality and rents are competitive with other new buildings. *Class A* office buildings are usually located in central financial districts with higher-end amenities and lobbies. *Class A* office buildings are usually steel-framed and tall. Current rental rates for *Class A* office space in San Francisco's Financial District average \$3.89 per square foot per month or \$46.69 annualized. In the submarket of Jackson Square/North Waterfront, rates are \$3.33 per square foot per month or \$40.00 annualized. The Port does not directly manage any *Class A* office buildings. (Source: Cushman & Wakefield San Francisco Office 1Q 2012)

Class B buildings have good (versus excellent) locations, management, construction and tenant standards are high. Buildings should have very little functional obsolescence and deterioration. In practical terms, *Class B* buildings are usually newer, wood-framed buildings or older and/or former *Class A* buildings. *Class B* office buildings are usually three stories or less. The average San Francisco *Class B* office rents as of 1Q 2012 range from \$2.67 to \$2.05 per square foot per month or \$32 to \$24.60 per square foot annualized. (Source: Cushman & Wakefield San Francisco Office 1Q 2012)

Comparatively, the average Port of San Francisco *Class B* office space for the 1Q 2012 ranges from \$2.95 to \$2.25 per month or \$35.4 to \$27 per square foot annualized which is slightly higher than the overall City average. (Source: Port of San Francisco Lease Activity Exhibit B)

Class C buildings are typically 15 to 25 years old but are maintaining steady occupancy. A fair number of the *Class C* office spaces in the Port's inventory are not truly office buildings but rather walk-up office spaces above retail or service businesses. The average San Francisco *Class C* office space for the same period shows rental rates averaging \$2.66 per square foot per month or \$32 per square foot annualized.

In the 1Q of 2012 the average Port of San Francisco *Class C* office space for the same period ranges from \$1.75 to \$2.57 per square foot per month or \$24 to \$30.84 per square foot annualized.

The Port's *Class C* per square foot range is somewhat lower in part due to the variety of geographic locations the office spaces are located. The Port's 7 ½ miles of waterfront has some offices near public transportations, close to downtown, and other amenities. Typically these offices are located the northern or central waterfront and therefore command higher rental rate. Conversely, the bulk of the Port's *Class C* office is located in more remote areas of the waterfront such as the southern water with the rental rates slightly lower. Additionally, Port *Class C* offices are usually leased on a Triple Net Basis which typically adds \$0.75 per square foot in additional expenses to tenants above rental payments.

The majority of Port-managed office spaces primarily fall into the *Class C* category of office space with the exceptions of the Roundhouse Plaza, Pier 9, Pier 26 Annex, Pier 33½, and Pier 35 which are considered *Class B*. Note that the Port's portfolio contains *Class A* space that is managed by Master Tenants and not subject to the Port's Rental Rate Schedule.

San Francisco Office Submarket Overview 1Q 2012

SAN FRANCISCO, CA

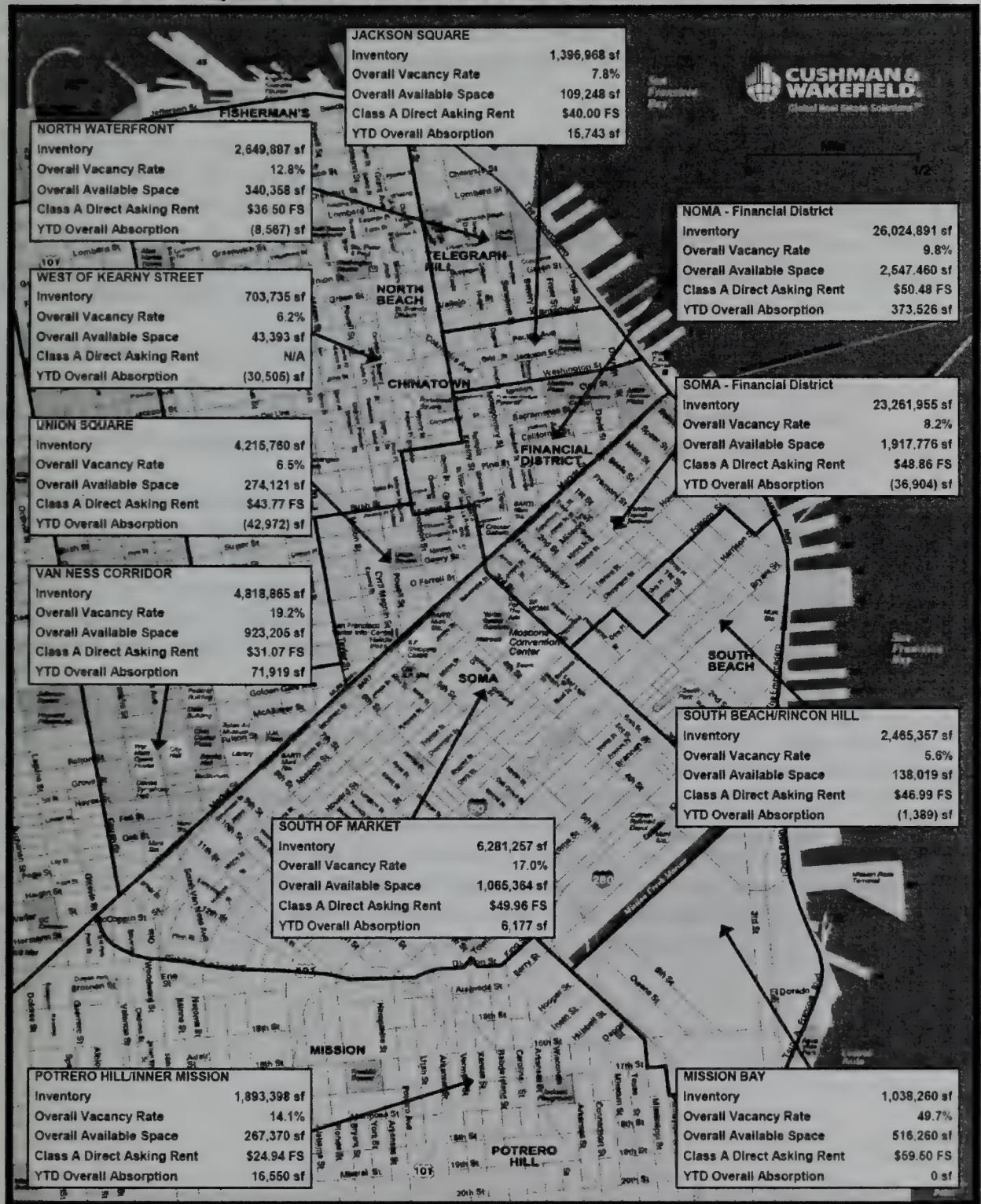
SUBMARKET	INVENTORY	OVERALL VACANCY RATE	DIRECT VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	UNDER CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	OVERALL WTD. AVG ALL CLASSES GROSS RENTAL RATE**	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE**
NOMA Financial District	26,024,891	9.8%	9.2%	650,025	0	0	296,632	373,526	\$46.63	\$50.48
SOMA Financial District	23,261,955	8.2%	7.4%	1,076,732	597,523	0	(42,651)	(36,904)	\$45.22	\$48.86
CBD	49,286,846	9.1%	8.3%	1,726,757	597,523	0	253,981	336,622	\$46.12	\$49.90
Jackson Square	1,396,968	7.8%	7.4%	28,547	0	0	13,948	15,743	\$35.02	\$40.00
North Waterfront	2,649,887	12.8%	11.3%	18,546	0	0	(3,040)	(8,567)	\$30.52	\$36.50
South Beach/Rincon Hill	2,465,357	5.6%	4.9%	5,562	63,000	0	15,942	(1,389)	\$44.85	\$46.99
San Francisco South of Market	6,281,257	17.0%	16.6%	98,950	0	0	23,711	6,177	\$49.29	\$49.96
West of Kearny Street	703,735	6.2%	5.4%	7,173	0	0	(30,505)	(30,505)	\$32.00	N/A
The Presidio	995,955	17.0%	17.0%	25,286	0	0	25,286	25,286	\$44.94	\$49.92
Union Square	4,215,760	6.5%	5.8%	38,833	0	0	(23,482)	(42,972)	\$35.40	\$43.77
Van Ness Corridor/ Civic Center	4,818,865	19.2%	19.2%	90,229	0	0	71,919	71,919	\$29.84	\$31.07
Potrero Hill/Inner Mission	1,893,398	14.1%	13.2%	23,594	0	0	16,550	16,550	\$32.01	\$24.94
Mission Bay	1,038,260	49.7%	49.7%	0	0	0	0	0	\$59.50	\$59.50
Non-CBD	26,459,442	14.5%	14.0%	336,720	63,000	0	110,329	52,242	\$44.88	\$48.41
TOTALS	75,746,288	11.0%	10.3%	2,063,477	660,523	0	364,310	388,864	\$45.62	\$49.34

* INCLUDES PROPERTIES UNDER EXPANSION OR RENOVATION

** RENTAL RATES REFLECT FULL SERVICE ASKING \$PSF/YEAR

San Francisco

First Quarter 2012 Office Market Statistics



INDUSTRIAL AND WAREHOUSE

The Bay Area has approximately 159 million feet of warehouse rental space, which is divided into four primary regions: The East Bay I-80/880 Corridor has the majority of the warehouse rental space, then Santa Clara County and San Mateo County followed by San Francisco which represents approximately 12% of the total Bay Area warehouse rental space.

The San Francisco industrial market consists of three major submarkets: Mission/South of Market (SOMA), 3rd Street Corridor/Potrero Hill and Bayview/India Basin. The combined total building inventory for industrial use in these zones is approximately 19.3 million square feet, more than three quarters of which is located in the Mission/SOMA and 3rd Street Corridor/Potrero Hill areas according to *BT Commercial San Francisco Industrial Report/First Quarter 2012*.

The Port's industrial properties have various levels of improvements including partitions, fencing, electrical service, plumbing, etc. These industrial/warehouse spaces are typically leased under "net" leases with space defined as "gross leasable area." Demand for Port warehouse and industrial space has strengthened through 1Q 2012.

The majority of Port warehouses are categorized as *Class C*. These spaces lack loading docks, attached office space, non-permeable concrete floors, and share a common drive aisle. Despite the limited infrastructure, the Port has been able to negotiate rental rates comparable to those of private landlords. The previous twelve-month average rates have been \$0.60 to \$0.85 per square foot or \$7.20 to \$10.20 per square foot annualized. This appears to be in line with current rental market conditions.

The San Francisco industrial and warehouse market-wide vacancy rate stood at 8.75% at the end of the 1Q 2012 compared to 5.4% 1Q 2011. Average asking rents vary by submarket from \$0.38 to \$0.78 per square foot per month, gross. The current Port rents for warehouse space range from \$0.60 to \$0.91 per square foot or \$7.20 to \$10.92 annualized. Despite limited infrastructure of Port warehouse properties, staff has been able to negotiate rates above the San Francisco average. During the prior reporting period, 1Q 2011, the Port's industrial and warehouse vacancy was 6.6%. The Port's current warehouse vacancy rate is 2.3% (excludes facilities in the America's Cup Host City Agreement). The Port's combined average vacancy rate for office and warehouse is 3.5%.

Bay Area-First Quarter 2012

	Inventory	Sublet Vacant	Direct Vacant	Vacancy Rate	Current Net Absorption	YTD Net Absorption	Under Construction	Average Asking Rent
Submarket								
San Francisco County	20,279,608	92,272	1,026,174	5.52%	(62,523)	(62,523)	0	\$0.78
San Mateo County	33,655,711	276,721	3,035,065	9.84%	51,142	51,142	0	\$0.71
East Bay I-80/880 Corridor	74,669,067	841,894	6,114,654	9.32%	224,979	224,979	0	\$0.38
Santa Clara County	32,206,720	377,743	2,267,397	8.26%	266,746	266,746	0	\$0.44
TOTAL	160,631,106	1,588,630	12,443,290	8.74%	480,344	480,344	0	\$0.50

Warehouse asking rates converted to NNN

The Fiscal Year 2012-13 Monthly Rental Rate Schedule presented for Port Commission review and approval provides two sets of rental rate ranges. The first, entitled *Minimum Initial Lease Rental Rates*, represents the market rent range for the first year of the lease. The second, entitled *Minimum Net Effective Rental Rates*, represents the net effective rent calculated and applied over the lease term after rent credits for flooring and wall coverings are amortized over the term of the lease. The proposed Monthly Rental Rate Schedule for Fiscal Year 2012-13 is attached hereto as Exhibit C.

Port leases, licenses, and Memorandums of Understanding are annually indexed by either the Consumer Price Index (CPI) or fixed rate adjustments currently ranging from 2.5% to 3.5%. Port staff regularly reviews the rental rates of hold-over agreements with the express goal of increasing rental rates to market. The Port may increase the rental rates more frequently with 30-Days written notice if the agreement is on month-to-month status but term leases have annual increases only. Industry standard is to increase rates on an annual basis.

PROPOSED CHANGES TO 2012-13 MONTHLY RENTAL RATE SCHEDULE

Port staff proposes changes to the Fiscal Year 2012-13 Monthly Rental Rate Schedule for office and industrial shed space consistent with the market rate review and determination.

The following changes are proposed:

1. Port staff recommends increasing the maximum allowance for floor covering to \$5 per square foot to better reflect and keep pace with the current market costs of such work. This allowance is considered "landlord's work." Therefore, such work is not included in calculating the minimum Initial Lease Rental Rates.

2. The following office properties are currently in high demand and are experiencing limited vacancy rates. Staff recommends revising minimum monthly rents for these locations in recognition of demand, and limited vacancy at these locations.

Office Class C Full Service

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	401 Terry Francois	\$2.00	\$2.50

Office Class C Net

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Pier 26 Bulkhead	\$1.75	\$2.00
b)	Pier 28 Bulkhead	\$1.75	\$2.00
c)	Pier 50 Bulkhead	\$1.75	\$2.00
d)	Pier 54	\$1.25	\$1.45

3. The following Industrial/warehouse shed and land properties generate high demand, Real Estate staff recommends revising minimum monthly rents for these locations:

Pier Shed and Land

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Piers 33-35	\$0.80	\$0.85
b)	Pier 23	\$0.80	\$0.85
c)	Piers 26-28	\$0.75	\$0.85
d)	Pier 40	\$0.00*	\$0.85
e)	Pier 50	\$0.75	\$0.85
f)	Pier 54	\$0.60	\$0.75
g)	Unpaved land	\$0.20	\$0.22
h)	Paved land	\$0.22	\$0.25
i)	Improved land	\$0.25	\$0.30

* New parameter. Pier 40 will now be under direct management of the Port of San Francisco

4. The rental rates at Pier 45 Fish Processing Center were last adjusted in 2008. Port staff recommends adjustments in three rate categories to better reflect current market conditions in the fishing industry.

Fishing Industry Pier Shed and Land

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Fish Gear Storage	\$0.22	\$0.25
b)	Non-Berth Holders	\$0.22	\$0.30

(Research sources: Port of San Francisco, Santa Cruz Harbor, Pilar Point Harbor, Spud Point Harbor, Morro Bay Harbor, Crescent City Harbor)



PARKING

The Port operates a number of parking facilities where the Port leases individual parking stalls on a monthly basis (totaling 449 stalls, an increase of 92 stalls over the same period in the prior year). The majority of the stall holders are Port tenants. A map is attached as Exhibit D¹ that shows the location of those facilities at which the Port currently offers monthly parking.

On July 7, 2011 by Resolution No. 11-46, the Port Commission approved a new Monthly Parking Stall Rate Schedule. This Monthly Parking Stall Rate Schedule was approved by the Port Commission with the understanding that Port staff would present to the Port Commission, for its review and approval, a revised rate schedule for monthly parking each fiscal year. Accordingly, staff herein presents this Monthly Parking Stall Rate Schedule for fiscal year 2012-13 for the Port Commission's review as included below.

Since the last parking stall rate review, the parking market has experienced slight improvement. Port staff recently conducted a survey of comparable parking facilities in the vicinity of Port property where the Port rents monthly parking stalls, attached hereto as Exhibit D². The survey determined that the monthly parking stall rates for Port facilities are in line with current market rates. The Port is currently experiencing a 24% (117) parking stall vacancy as of May 1, 2012. The prior fiscal year vacancy was 18%. Due to the increase in Port parking stall vacancies, staff proposes no change to the *Monthly Parking Stall Rate Schedule*. Please note that the parking rates in this report do not include any City parking tax currently 25%, which is paid by the stall holder and remitted to the City Tax Collector.

Proposed Changes to FY 2012-13 Monthly Parking Rate Schedule

Site	Parking Type	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Agriculture Bldg	Building Tenant	\$316	\$395	\$316	\$395	\$0
Pier 9	Shed	\$272	\$340	\$272	\$340	\$0
	Uncovered	\$252	\$315	\$252	\$315	\$0
Wharf J3	Commercial Tenant	\$252	\$315	\$252	\$315	\$0
	Restaurant Tenant	\$164	\$205	\$164	\$205	\$0
	Fishing Industry Tenant	\$60	\$75	\$60	\$75	\$0
Pier 45, Shed C	Commercial Tenant	\$272	\$340	\$272	\$340	\$0
	Restaurant Tenant	\$164	\$205	\$164	\$205	\$0
	Fishing Industry Tenant	\$60	\$75	\$60	\$75	\$0
Seawall Lot 302	Commercial Tenant	\$268	\$335	\$268	\$335	\$0
	Restaurant Tenant	\$164	\$205	\$164	\$205	\$0
	Sport Fishing Tenant	\$96	\$120	\$96	\$120	\$0
Seawall Lot 303	Commercial Tenant	\$256	\$320	\$256	\$320	\$0
	Restaurant Tenant	\$164	\$205	\$164	\$205	\$0
Seawall Lot 349	Uncovered	\$124	\$155	\$124	\$155	\$0
Pier 26	Shed	\$272	\$340	\$272	\$340	\$0
Pier 80	Admin Bldg Uncovered	\$32	\$40	\$32	\$40	\$0
	Uncovered Truck	\$124	\$155	\$124	\$155	\$0
Pier 84	Uncovered	\$124	\$155	\$124	\$155	\$0
Pier 90	Uncovered	\$126.4	\$158	\$126.4	\$158	\$0
Pier 96	Uncovered	\$124	\$155	\$124	\$155	\$0

Proposed Changes to the FY 2012-13 Pier 52 Parking Meter Rate Schedule

Site	Type	Current Rate	Proposed Rate	Increase
Pier 52 Boat Launch	Uncovered Parking	\$1.50 /hr/vehicle	\$1.50 /hr/vehicle	\$0
Pier 52 Boat Launch	Uncovered Parking	\$5 /4hrs w/ boat trailer	\$5 /4hrs w/ boat trailer	\$0

The Port makes available parking stalls at cost for its employees' vehicles. The parking lot operator at SWL 324 (Broadway lot) is required to provide 40 parking spaces at SWL 324 for Port employees at no cost to the Port. The Port has converted 25 underutilized metered spaces on Davis Street for Port employee parking similar to that around the City.

Proposed Port Employees Monthly Parking Rate for FY 2012-13

Facility	For	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Seawall Lot 351	Port Commissioner, Executive Director	\$128	\$160	\$128	\$160	\$0
	Employees who have been granted a reasonable accommodation under the Americans with Disabilities Act	\$56*	\$70*	\$57.6*	\$72*	\$0
Seawall Lot 324	Employees assigned to Pier 1; parking available for one employee vehicle used for commuting	\$56*	\$70*	\$57.6*	\$72*	\$0
Pier 50 or at jobsite	Employees assigned to Pier 50 or whose collective bargaining agreement allows for free parking; one automobile space for vehicle used by the employee for commuting (no boats, trailers, three-axle vehicles, etc.)	\$0	\$0	\$0	\$0	\$0

*The rate is equivalent to the cost of a MUNI monthly pass plus \$10. It will be adjusted correspondingly to future MUNI monthly pass increases. Current cost of MUNI monthly pass is \$62 effective July 1, 2012.

The annualized Monthly Parking Stall revenue is \$478,003 as of May 1, 2012, an increase of \$87,129 over the same reporting period in 2011.

SPECIAL EVENTS AND FILMING

The Port's seven and half (7.5) miles of waterfront property is a popular venue for special events and filming projects produced each year in the City. Among the most notable special events are *Fleet Week*, *4th of July Celebration and Fireworks*, *Sunday Streets*, *New Year's Eve*, *Giant's Fanfest* and the *Nike Women's Marathon*.

A number of major motion pictures and television series have been produced on Port property including the episodic television series *Alcatraz* and the feature *Contagion*.

The Port is also very popular with advertisers that account for the majority of still photo shoots that occur at the Port. From elegant fashion and auto ads located at Pier 7 to the more urban industrial projects shot in the Southern Waterfront, the Port offers a variety of locations sought after by creative photographers.

In order to standardize film and photography related fees charged for various Port facilities, Port staff has established a Special Event and Filming Fee Schedule. The schedule is reviewed annually to reflect current market conditions and submitted to the Port Commission for re-approval.

There are several recurring Special Events/Uses that have a strong Maritime or community connection to the Port of San Francisco and have customarily been given

either a fee waiver or fee reduction by the Port Commission on an ad hoc basis. In order to streamline the administrative process and costs associated with preparing individual Port Commission Agenda Items for each event, staff recommends that the Port Commission approve the recommended fees for these events.

1. Proposed Fee Waiver: *4th of July Celebration; Fleet Week; City's New Year's Eve Celebration and Madonna Del Lume.*
2. Ongoing Fee Reductions: *Small Boat Fishing Gear Swap Meet, \$300 versus \$2,000; and Delancey Street Christmas Tree Lot, \$3,528 versus \$7,055.*

The methodology for deriving the fees described in the Special Events and Filming Fee Schedule is a combination of market research, continuous dialog with special events promoters and the Port's own experience at negotiating fees. Because of the variety and unique characteristics of Port property, the Port has been able to set fees for special events and filming.

In Fiscal Year 2011-12 special events and filming generated a combined total of \$224,294 in revenues to the Port (as of April 2012). Of this amount, special events generated \$222,134 and filming \$2,160. Much of the film permitting is done by the Film Commission and those fees are retained by them.

PROPOSED FY 2012-13 SPECIAL EVENT AND FILMING RATE SCHEDULE

Port staff recommends no changes to the FY 2012-13 Special Event and Filming Rate Schedule, which is listed on Exhibit E.

RECOMMENDATION

This item is informational only, no action is required. Port staff intends to return to the July 10, 2012 Port Commission meeting to recommend approval of the Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates (monthly parking stall schedule in staff report), and Special Event and Filming Rates.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager
For: Susan Reynolds, Director of Real Estate

ATTACHMENTS:

Exhibit A	2011-2012 Minimum Monthly Rental Rate Schedule
Exhibit B	Port of San Francisco Active Office Rental Transactions
Exhibit C	2012-2013 Minimum Monthly Rental Rate Schedule
Exhibit D	Parking Facilities Located in the Vicinity
Exhibit E	2012-2013 Special Events and Filming Fee Schedule
Exhibit F	Vacancy Report as of June 7, 2012

Exhibit A

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>MINIMUM CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
<u>INDUSTRIAL SHED USES:</u>			
<u>INDUSTRIAL GROSS LEASES:</u>	<u>NORTHEAST WATERFRONT</u>		
	Pier 9	\$1.25 - 1.25	\$1.25 - 1.25
	Pier 33 - 35	\$0.75 - 0.85	\$0.70 - 0.80
	Pier 19	\$0.80 - 0.85	\$0.75 - 0.80
	Pier 23	\$0.80 - 0.85	\$0.75 - 0.80
	Pier 27 & 29	\$0.80 - 0.85	\$0.75 - 0.80
	Pier 47 shed storage	\$0.75 - 1.00	\$0.70 - 0.90
	SWL 302 storage	\$0.75 - 1.00	\$0.65 - 0.75
	<u>SOUTH BEACH/CHINA BASIN</u>		
	Pier 24 Annex	\$1.18 - 1.25	\$1.18 - 1.25
	Piers 26-28	\$0.75 - 1.00	\$0.75 - 1.00
	Piers 48	\$0.85 - 1.10	\$0.85 - 1.00
	Pier 50	\$0.75 - 1.00	\$0.65 - 0.75
	Pier 54 Shed	\$0.60 - 0.75	\$0.60 - 0.75
	<u>SOUTHERN WATERFRONT</u>		
	SWLs 343 & 354	\$0.75 - 0.85	\$0.80 - 0.75
	SWL 345	\$0.75 - 1.00	\$0.70 - 0.80
	Facility 6019	\$0.55 - 0.55	\$0.55 - 0.55
	Pier 80	\$0.75 - 0.85	\$0.80 - 0.75
	Pier 92 & SWLs 344 & 349	\$0.75 - 0.85	\$0.80 - 0.75
	Pier 96 M & R	\$0.75 - 0.85	\$0.80 - 0.75
<u>OPEN LAND AND PIER SPACE USES:</u>			
<u>INDUSTRIAL GROSS LEASES:</u>	<u>UNPAVED LAND</u>		
"PORT STANDARD NET LEASE"		\$0.20 - 0.25	\$0.18 - 0.20
	<u>PAVED LAND</u>		
		\$0.22 - 0.25	\$0.20 - 0.23
	<u>IMPROVED LAND</u>		
		\$0.25 - 0.30	\$0.22 - 0.28
	<u>SUBMERGED LAND</u>		
		\$0.11 - 0.15	\$0.10 - 0.14
	Aprons	\$0.22 - 0.25	\$0.22 - 0.25

Exhibit A

MINIMUM

MINIMUM

INITIAL LEASE
RENTAL RATES

NET EFFECTIVE
RENTAL RATES

TYPE OF USE &
TYPE OF LEASE

CLASS & LOCATION
OF FACILITY/SPACE Monthly Per Sq. Ft. Monthly Per Sq. Ft.*

FISHING INDUSTRY USES:

INDUSTRIAL GROSS LEASES:

FISH WHOLESALING &
PROCESSING SPACE

Improved Fish Processing Space

Pier 45 Sheds	\$0.80 - 0.90	\$0.75 - 0.85
Second floor warehouse	\$0.40 - 0.45	\$0.35 - 0.40
Pier 45 Office 1st fl office	\$1.10 - 1.50	\$1.05 - 1.25
Pier 45 2 nd fl mezz	\$0.85 - 1.25	\$0.75 - 1.00

Sheds

Pier 33	\$0.85 - 0.90	\$0.80 - 0.85
699 Illinois	\$0.80 - 0.85	\$0.75 - 0.85

Aprons

\$0.22 - 0.22	\$0.22 - 0.22
---------------	---------------

LICENSES:

FISHING GEAR STORAGE

\$0.22 - 0.22	\$0.22 - 0.22
---------------	---------------

* The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

Port of San Francisco Active Office Rental Transactions

EXHIBIT B

Company Name	Leasehold Name	Contract #	Facility	Lshld Type	Sq Ft	Rate/SF
Ferry Plaza						
Ayer Media, Inc.		L-15073	2505 OFFICE-FS		1,343	2.40
Benetti, Timothy C.		L-14979	2505 OFFICE-FS		78	2.00
Buchdrucker, Elliott D.		L-15014	2780 OFFICE-FS		1,025	2.30
Diamond Freight System, Inc.		15065	1500 OFFICE-FS		681	2.00
Hog Island Oyster Company, Inc.		L-15089	2780 OFFICE-FS		293	1.00
Hog Island Oyster Company, Inc.		L-15089	2780 OFFICE-FS		172	1.50
Lovitt & Hannan, Inc.		L-15100	2780 OFFICE-FS		517	1.00
Nematode Holdings, LLC		L-15090	2780 OFFICE-FS		197	1.35
Nematode Holdings, LLC		L-15090	2780 OFFICE-FS		269	2.68
			Average Monthly Rate			1.80
Jack Scott & Associates Construction, Inc		L-15086	1540 OFFICE-NET		2,997	1.25
Jack Scott & Associates Construction, Inc		L-15086	1540 OFFICE-NET		2,997	1.25
Robert W. Poyas, Inc.		L-14928	1540 OFFICE-NET		148	1.25
Robert W. Poyas, Inc.		L-14928	1540 OFFICE-NET		273	1.25
WWC Service San Francisco		L-15101	1540 OFFICE-NET		359	1.25
Overstreet Associates		L-15050	1500 OFFICE-NET		239	2.57
			Average Monthly Rate			1.47

Leary & Associates, Inc.
Warwick Properties Group, Inc

L-15028 3180 OFFICE-FS 140 1.30
L-15034 3180 OFFICE-FS 615 2.45

Average Monthly Rate 2.34

Good Tidings Foundation
Good Tidings Foundation
Good Tidings Foundation
Lab Zero Innovations, Inc

L-14994 1090 OFFICE-NET 1,705 1.25
L-14994 1090 OFFICE-NET 853 0.22
L-14994 1090 OFFICE-NET 760 1.75
L-15052 1090 OFFICE-NET 2,479 2.50
L-15055 1090 OFFICE-NET 5,562 2.95

SF Bay Area Water Emergency Transprtn Authority

Average Monthly Rate 1.73

South Beach and China Basin

Premier Structures

L-15016 1280 OFFICE-FS 397 1.75

Average Monthly Rate 1.75

Premier Structures

L-15016 1280 OFFICE-NET 1,320 1.75

Average Monthly Rate 1.75

Southern Waterfront

NTK Construction, Inc.
Watertight Restoration, Inc.

L-15026 2800 OFFICE-FS 2,882 1.25
L-15000 2800 OFFICE-FS 263 1.25

Average Monthly Rate 1.25

Zaccor Companies, Inc.

L-14998 1960 OFFICE-NET 223 1.25

Average Monthly Rate 1.25

Exhibit C

2012-13 MINIMUM MONTHLY RENTAL RATE SCHEDULE⁺

<u>TYPE OF USE & TYPE OF LEASE</u>	<u>CLASS & LOCATION OF FACILITY/SPACE</u>	<u>MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.</u>	<u>MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*</u>
<u>OFFICE SPACE USES:</u>			
<u>FULL SERVICE GROSS LEASES:</u>	<u>CLASS B</u>		
	Roundhouse Plaza	\$2.25 - 2.75	\$2.00 - \$2.50
	<u>CLASS C</u>		
	Agriculture Building		
	Window Office	\$2.30 - 2.55	\$2.20 - \$2.35
	Interior Office	\$1.50 - 2.00	\$0.98 - \$1.48
	401 Terry Francois	\$2.50 - 2.70	\$2.20 - \$2.50
	<u>CLASS B</u>		
	Pier 9 Bulkhead Bldg.	\$2.50 - 2.75	\$2.30 - \$2.60
	Pier 9 Pier Offices	\$2.25 - 2.50	\$2.20 - \$2.20
<u>NET LEASES:</u>	Pier 26 Annex Bldg.	\$2.50 - 2.90	\$2.40 - \$2.90
	Pier 33 ½ North	\$2.50 - 3.00	\$2.25 - \$2.75
	Pier 35 Bulkhead Bldg.	\$2.50 - 2.75	\$1.75 - \$2.25
	<u>CLASS C</u>		
	Pier 9 Studio/office	\$1.75 - 2.00	\$1.50 - \$1.75
	Piers 23 Bulkhead Bldgs.	\$1.25 - 2.00	\$1.00 - \$1.75
	Pier 29 Annex Bldg.	\$1.35 - 1.60	\$1.35 - \$1.44
	Pier 35 Interior office	\$1.75 - 2.00	\$1.50 - \$1.75
	490 Jefferson St.	\$1.25 - 1.50	\$1.10 - \$1.25
	Piers 26 Bulkhead Bldg.	\$2.00 - 2.25 -	\$1.75 - \$1.50
	Pier 28 Bulkhead Bldg.	\$2.00 - 2.25	\$1.25 - \$1.75
	Piers 50 Bulkhead Bldg.	\$2.00 - 2.25	\$1.55 - \$1.75
	Pier 54 Office	\$1.45 - 1.60	\$1.20 - \$1.40
	Pier 70, Building 11	\$1.10 - 1.25	\$1.00 - \$1.20
	671 Illinois Street	\$1.00 - 1.10	\$0.80 - \$1.00
	501 Cesar Chavez	\$1.25 - 1.50	\$1.10 - \$1.25
	601 Cesar Chavez	\$1.00 - 1.25	\$0.90 - \$1.05
	696 Amador	\$1.25 - 1.50	\$1.00 - \$1.40
	Pier 96 Admin. Bldg.	\$1.25 - 1.40	\$1.00 - \$1.25
	Pier 96 Gate House Bldg.	\$1.10 - 1.25	\$0.75 - \$1.00
	<u>OFFICE STORAGE</u>		
	All Facilities	\$1.00 - 1.00	\$1.00 - \$1.00

Exhibit C

<u>TYPE OF USE & TYPE OF LEASE</u>	MINIMUM	MINIMUM	INITIAL LEASE		NET EFFECTIVE	
	<u>CLASS & LOCATION OF FACILITY/SPACE</u>		RENTAL RATES		RENTAL RATES	
			<u>Monthly Per Sq. Ft.</u>		<u>Monthly Per Sq. Ft.*</u>	

INDUSTRIAL SHED USES:

INDUSTRIAL GROSS LEASES:

NORTHEAST WATERFRONT

Pier 9	\$1.25	- 1.25	\$1.25	- \$1.25
Pier 33 - 35	\$0.85	-0.95	\$0.70	- \$0.80
Pier 19	\$0.85	- 0.95	\$0.75	\$ 0.80
Pier 23	\$0.85	- 0.95	\$0.75	- \$0.80
Pier 47 shed storage	\$0.75	- 1.00	\$0.70	- \$0.90
SWL 302 storage	\$0.75	- 1.00	\$0.65	- \$0.75

SOUTH BEACH/CHINA BASIN

Pier 24 Annex	\$1.18	1.25	\$1.18	\$1.25
Piers 26-28-40	\$0.85	- 1.00	\$0.75	- \$1.00
Piers 48	\$0.90	- 1.10	\$0.85	- \$1.00
Pier 50	\$0.85	- 1.00	\$0.65	- \$0.75
Pier 54 Shed	\$0.75	- 0.75	\$0.60	- \$0.70

SOUTHERN WATERFRONT

SWLs 343 & 354	\$0.75	- 0.85	\$0.80	- \$0.75
SWL 345	\$0.75	- 1.00	\$0.70	- \$0.80
Facility 6019	\$0.55	- 0.55	\$0.55	- \$0.55
Pier 80	\$0.75	- 0.85	\$0.80	- \$0.75
Pier 92 & SWLs 344 & 349	\$0.75	- 0.85	\$0.80	- \$0.75
Pier 96 M & R	\$0.75	- 0.85	\$0.80	- \$0.75

OPEN LAND AND PIER SPACE USES:

INDUSTRIAL GROSS LEASES:

"PORT STANDARD NET LEASE"

UNPAVED LAND

\$0.22	- 0.25	\$0.18	- \$0.20
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PAVED LAND

\$0.25	- 0.25	\$0.20	- \$0.23
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IMPROVED LAND

\$0.30	- 0.30	\$0.22	- \$0.28
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SUBMERGED LAND

\$0.11	- 0.15	\$0.10	- \$0.14
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Aprons

\$0.25	- 0.25	\$0.22	- \$0.25
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Exhibit C

MINIMUM TYPE OF USE & TYPE OF LEASE	MINIMUM CLASS & LOCATION OF FACILITY/SPACE	INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
<u>FISHING INDUSTRY USES:</u>			
<u>INDUSTRIAL GROSS LEASES:</u>			
	<u>FISH WHOLESALING & PROCESSING SPACE</u>		
	<u>Improved Fish Processing Space</u>		
	Pier 45 Sheds	\$0.80 - 0.90	\$0.75 - \$0.85
	Second floor warehouse	\$0.40 - 0.45	\$0.35 - \$0.40
	Pier 45 Office 1st fl office	\$1.10 - 1.50	\$1.05 - \$1.25
	Pier 45 2 nd fl mezz	\$0.85 - 1.25	\$0.75 - \$1.00
	<u>Sheds</u>		
	Pier 33	\$0.85 - 0.90	\$0.80 - \$0.85
	699 Illinois	\$0.80 - 01.25	\$0.75 - \$0.85
	<u>Aprons</u>	\$0.22 - 0.22	\$0.22 - \$0.22
<u>LICENSES:</u>			
	<u>FISHING GEAR STORAGE</u>	\$0.25 -0.30	\$0.22 - \$0.22
	<u>NON-BERTH HOLDERS</u>	\$0.30- 0.45	\$0.30- \$0.45

* The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.



Other Parking Facilities Located In The Vicinity

- 1 655 Beach / Leavenworth
- 2 500 Beach / Jones
- 3 273 Jefferson / Beach
- 4 401 Beach
- 5 350 Beach
- 6 Longshoremen's Hall Parking Lot
- 7 Cost Plus Parking Garage
- 8 North Point Center Garage
- 9 Triangle Parking Lot
- 10 Pier 39 Garage
- 11 2300 Stockton & Grant

Port-managed Parking Facilities

- A SWL 303
- B SWL 302
- C Wharf J3
- D Pier 45 Shed C
- E Pier 9
- F Agriculture Building

- 12 2210 Stockton / Bay
- 13 Bay / Embarcadero & Kearny
- 14 80 Francisco Garage
- 15 55 Francisco Garage
- 16 Levi Plaza Garage
- 17 Pier 29 & Pier 27 / 29 Valley
- 18 425 Broadway Street
- 19 SWL 321
- 20 SWL 322-1
- 21 SWL 323
- 22 SWL 324
- 23 Davis / Broadway & Vallejo

- 24 847 Front Street
- 25 750 Front / Broadway & Pacific
- 26 750 Battery Parking Garage
- 27 900 Sansome / Broadway
- 28 955 Sansome / Broadway & Vallejo
- 29 825 Sansome / Pacific & Broadway
- 30 350 Pacific / Battery & Sansome
- 31 768 Sansome / Pacific & Jackson
- 32 Golden Gateway Garage
- 33 Embarcadero Center Garage
- 34 Pier 3
- 35 SWL 351

APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE

CHEF HARBOR ENGINEER

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING



EXHIBIT D

DRAWN BY: EDC DATE: May 22, 2012

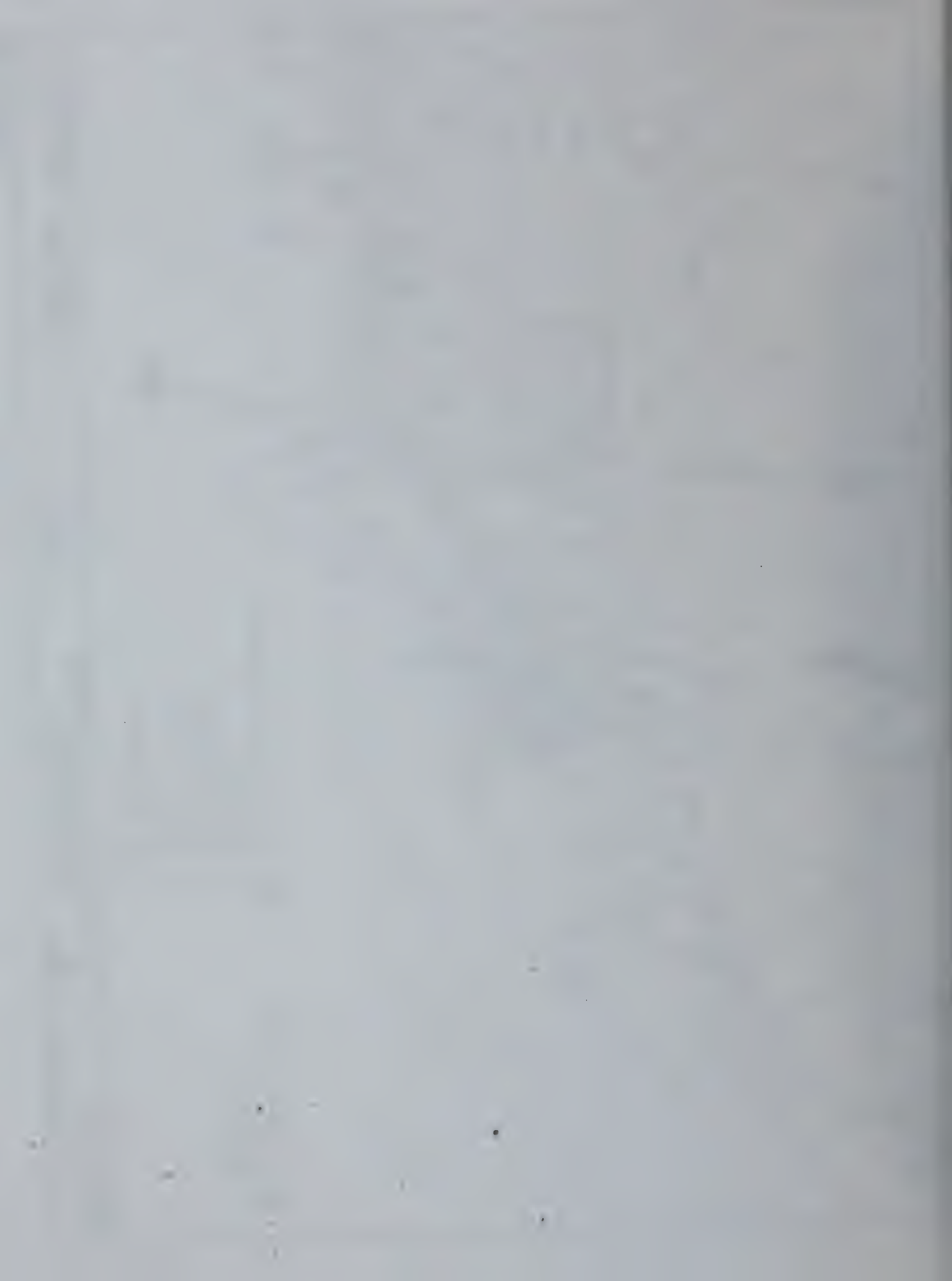
CHECKED BY: T. LEE-JAM SCALE: 1" = 100'

DRAWING NO.

SHEET NO. 1

OF 3 SHEETS

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PARKING RATES SURVEY
As of May 18, 2012

	Location	Operator	Phone #	Monthly Parking					Hourly Parking	Covered / Uncovered	
				Reserved	Non-reserved	Vac- ancy	In/Out Privilege	Days / Week			Hour
1	Beach & Hyde Garage 655 Beach / Leavenworth & Hyde	Propark America	673-1735	--	\$225 \$175	No No	Yes Yes	7 days M-F	24 hrs	\$32 /12 hrs; \$35 /24 hrs	Covered
2	Anchorage Shopping Center Garage 500 Beach / Jones & Leavenworth	Ace Parking	673-7762	\$275	\$170	Yes	Yes	7 days	24 hrs	\$8 M-F, in before 9am, out by 6pm \$32	Covered
3	Fisherman's Wharf Parking 273 Jefferson / Beach & Jones	Wharf Properties, Inc	885-4884	--	--	--	--	--	--	\$8.25 M-F before 10am, \$17.75 M-F 10am-3pm, \$24-\$28 S-S	Uncovered
4	401 Beach / Jones & Taylor	Nunzio Corp		--	--	--	--	--	--	\$10 M-Th \$15 F-S	Uncovered
5	Wharf Garage 350 Beach / Taylor & Mason	Imperial Parking	227-0114	--	\$150 \$120	Yes Yes	Yes Yes	7 days 7 days	24 hrs 7am-7pm	\$12 max after 3 hrs exp. 11:59pm \$15 daily S-S; \$8 in before 9am M-F	Covered
6	Longshoremen's Hall Parking Lot North Point / Mason & Taylor	City Park	495-3909	--	\$175	Yes	Yes	7 days	6am-12am	\$10-15 M-F 6am-12am \$15-20 S-S 6am-12am	Uncovered
7	Cost Plus Plaza Parking Garage 455 North Point / Taylor	City Park	441-6932	--	\$165	Yes	Yes	7 days	8am-9pm	\$15 for 12 hrs, \$35 overnight	Covered
8	North Point Center Garage 350 Bay / Powell & Mason	Imperial Parking	227-0114	--	\$170 \$145	Yes Yes	Yes Yes	7 days M-F	24 hrs	\$30 M-F \$35 S-S	Covered & Uncovered
9	Triangle Parking Lot 2860 Taylor / Jefferson	Central Parking	277-0400	--	--	--	--	--	--	\$33 8am-12am, add \$15 overnight	Uncovered
10	Pier 39 Garage Embarcadero / Stockton	Ampco System	705-5418	--	\$195 tenants only	Yes	Yes	7 days	24 hrs	\$35	Covered
11	2300 Stockton & Grant	Liberty Parking Mgmt	650-342-3010	--	\$250	Yes	Yes	7 days	24 hrs	\$10 or more for 12 hrs	Covered
12	C Garage 2210 Stockton / Bay & Northpoint	Imperial Parking	227-0114	--	\$170 \$150	No No	Yes Yes	7 days M-F	24 hrs 6am-11pm	\$12 max exp 10:59pm M-F; \$10 in by 10am \$15 S-S up to 11am; \$18 after 11am S-S	Covered
13	Bay / Embarcadero & Kearny	Central Parking	277-0400	--	\$225	Yes	Yes	7 days	24 hrs	M-F: \$30 all day, \$12 in by 9am, \$12 after 5pm S-S: \$35 all day, \$10 after 5pm	Uncovered
14	80 Francisco Garage	City Park	398-4162	\$300	\$250	No	Yes	7 days	24 hrs	\$15 out by 9pm \$13 M-F, in by 9am, out by 7pm	Covered
15	55 Francisco Garage	Ace Parking	398-0208	\$250	\$225	Yes	Yes	7 days	24 hrs	M-F: \$15 in after 9am, \$12 in before 9am S-S: \$10	Covered
16	Levy Plaza Garage Sansome / Greenwich	Ampco System	981-8213	\$400 \$350	-- \$325	Yes Yes	Yes Yes	7 days M-F	24 hrs 6am-10pm	\$20 for 12 hrs, \$25 for 24 hrs, \$17 in by 9am & out by 7pm	Covered
17	Pier 29-1/2 and Pier 27/29 Valley	Priority Parking	777-4042	\$375	\$260	Yes	Yes	7 days	24 hrs	\$15 before 8am; \$20 after 8am; \$10 after 4pm	Uncovered
18	425 Broadway	Priority Parking	777-4042	\$400	\$350	Yes	Yes	7 days	6am-10pm	\$13 19h before 10am	Uncovered
19	SWL 321 Green / Front / Embarcadero	Priority Parking	777-4042	\$400	\$350	Yes	Yes	7 days	24 hrs	\$13 in by 11am, \$15 11am-4pm, \$25 24hrs, \$10 after 4pm & wknd	Uncovered
20	SWL 322-1 Front / Broadway & Vallejo	Priority Parking	777-4042	\$375	\$300	Yes	Yes	7 days	24 hrs	\$13 in by 8am, \$15 8am-11am, \$18 11am-4pm, \$10 after 4pm, \$8 wknd, \$16 24 hrs wknd	Uncovered
21	SWL 323 Davis / Vallejo / Embarcadero	Priority Parking	777-4042	\$375	\$300	Yes	Yes	7 days	24 hrs	\$17 before 10am, \$20 10am-4pm, \$10 after 4pm & wknd, \$20 24hrs wknd	Uncovered
22	SWL 324 Davis / Broadway / Embarcadero	Priority Parking	777-4042	\$375	\$300	Yes	Yes	7days	24 hrs	\$17 before 10am, \$20 10am-4pm, \$10 after 4pm & wknd, \$20 24hrs wknd	Uncovered
23	Davis / Broadway & Valejo	West Coast Parking	408-592-3051	--	\$275	No	Yes	7 days	7am-6pm	\$15 M-F no in/out privilege \$8 after 56m & S-S	Uncovered

PARKING RATES SURVEY
As of May 18, 2012

	Location	Operator	Phone #	Monthly Parking					Daily Parking	Hourly Parking	Covered / Uncovered
				Reserved	Non-reserved	Vac- ancy	In/Out Privilege	Days / Week			
24	847 Front Street Front / Broadway & Vallejo	Pacific Park Mgmt	398-0428	--	\$300	No	Yes	M-F	6am-8pm	\$15	Covered
25	750 Front / Broadway & Pacific	City Park	399-9783	--	\$300 \$350	No	Yes	M-F 7 days	24 hrs	\$20 in after 9am, all day \$16 in before 9am & out by 7pm	Covered
26	750 Battery Parking Garage Broadway / Battery & Front	Ampco System	956-8148	--	\$320	Yes	Yes	M-F	7am-7pm	\$18 in after 9:30am \$15 in before 9:30am & out by 7pm	Covered
27	900 Sansome / Broadway	Liberty Parking	650-342-3010	--	\$280	Yes	Yes	M-F	6am-9pm	\$18 M-F all day \$14 M-F in by 11am & out by 9pm	Covered
28	955 Sansome / Broadway & Vallejo	Bay Parking	823-1066	--	\$280	Yes	Yes	7 days	24 hrs	\$18 in after 10:30am \$14 in before 10am	Covered/ Uncovered
29	825 Sansome / Pacific & Broadway	Priority Parking	777-4042	--	\$340	Yes	Yes	M-F	6am-10pm	\$20 all day \$16 in by 11am & out by 3pm	Covered
30	350 Pacific / Battery & Sansome	American West	596-8743	--	\$280	No	Yes	7 days	24 hrs	\$18 daily; \$10 in by 11am	Uncovered
31	768 Sansome / Pacific & Jackson	California Parking	468-4860	--	\$395.50 \$345.50	Yes	Yes	7 days	24 hrs	\$24 9:30am-7pm, \$18 in before 9:30am & out after 4pm	Uncovered
32	Golden Gateway Garage 250 Clay / Battery & Front	Five Star Parking	433-4722	\$500	\$390	Yes	Yes	7 days	24 hrs	\$36 after 8:30am \$20 in before 8:30am	Covered
33	Embarcadero Center Garage Building 1, 2, 3 & 4	Ampco System	772-0670	\$675	\$410	Yes	Yes	7 days	24 hrs	\$32, out by 12am	Covered
34	Hornblower Yachts Parking Lot Pier 3	Hornblower Yachts	788-8866	--	\$325	Yes	Yes	M-F	6am-12am	\$20 8am-12am \$17 in before 8am, out by 6pm	Uncovered
35	Ferry Bldg Investors Parking Lot SWL 351	Ace Parking		--	--	--	--	--	--	\$50	Uncovered
36	1 Market Garage Market / Spear	Ace Parking	777-2292	\$600	\$495	No	Yes	7 days	24 hrs	\$44 6am-7pm	Covered
37	Rincon Center Garage 121 Spear St / Mission & Howard	Standard Parking	882-9468	\$600	\$375	Yes	Yes	M-F	6am-9pm	\$29.50 M-F, \$10 after 5pm \$10 S-S	Covered
38	75 Howard Garage Howard / Sileuart & Spear	Ace Parking	543-2214	\$465	\$375	Yes	Yes	7 days	24 hrs	\$29.50 in after 9am, out before 11pm \$21 in before 9am, out by 6pm	Covered
39	Bayside Lot 1 Bryant St / Embarcadero & Beale	Imperial Parking	227-0114	--	\$200	Yes	Yes	7 days	24 hrs	\$13 max exp 11:59pm; \$11 in by 10am M-F \$6 max S-S	Uncovered
40	Bayside Lot Piers 30/32	Imperial Parking	227-0114	--	--	--	--	--	--	\$11 in after 10am; \$10 in before 10am; \$6 S-S \$6 M-F after 4pm exp 11:59pm; \$6 11pm-6am	Uncovered/ Gated Lot
41	China Basin Landing Garage 3rd Street / Berry	Ace Parking	625-0755	--	\$350 non-tenant \$280 tenant	Yes	Yes	7 days	24 hrs	\$20 for 12 hours	Covered
42	Giants Lot 74 Mission Rock	Imperial Parking	227-0114	--	\$210 \$150	Yes	Yes	7 days M-F	24 hrs 6am-6pm	\$14 daily max after 10am; \$9 in before 10am \$10 6am-6pm	Uncovered

EXHIBIT E

2012-13 FY Special Events and Filming Fee Schedule

	Rate
<u>Still Photo Shoot</u>	
Outdoor:	
Simple per day	\$1,000.00
Major per day	\$2,000.00
Indoor:	
Piers simple per day	\$1,000.00
Piers major per day	\$2,000.00
Pier 1 per day (Port offices - after hrs.)	\$2,000.00
Pier 1 – Bayside 1-4	\$2,000.00
<u>Filming (Non-Film Commission)</u>	
Simple per day	\$1,000.00
Major per day	\$2,000.00
<u>Special Events</u>	
Athletic events (walk/run/bicycle) per day	\$1,000.00
Private event per day	\$2,000.00
Public event per day	\$2,000.00
<u>Pier 30/32 – Entire Pier</u>	
Private event:	
Event day	\$12,500.00
Set-up per day	\$2,500.00
Paid attendees:	
Event day	\$15,000.00
Set-up per day	\$2,500.00
Free admittance:	
Event day	\$10,000.00
Set-up per day	\$2,500.00
<u>Pier 48 – Shed A & C</u>	
Shed A Full Venue per day	\$7,500.00
Set-up and take down	\$1,500.00

Shed A Half Venue	\$5,000.00
Set-up and take -down	\$ 1,000.00
Shed A Quarter Shed	\$3,000.00
Set-up and take-down	\$1,000.00
Shed A and Valle Full Venue	\$9,000.00
Set-up and take-down per day	\$1,500.00
Shed A and Valley Haft Venue	\$6,000.00
Set-up and take-down	\$1,000.00
Shed A and Valley Quarter	\$4,000.00
Set-up and take-down	\$1,000.00

All rates are daily.

Notes:

Minor film and photo shoots are those that require very few to no support functions, i.e.; the photographer and the subject, minimal equipment, etc.

Major film and photo shoots are those that require substantial support, i.e.; film crew, props, vehicles, generators, lighting, etc.

At no time shall the fee charged for filming or a special event at a specific facility be less than the rental rate as specified under the Rental Rate Schedule for that premises.

EXHIBIT F

Office, Bulkhead Office and Pier Shed Vacancy Rate

As of June 2012

OFFICE	Total	Occupied or Under Pending Lease	Available	% Vacant
RoundHouse I	20,237	20,237	0	0.0%
RoundHouse II	25,421	25,421	0	0.0%
Pier 27/29 ¹	12,406	12,406	0	0.0%
Ag Building	22,476	18,465	4,011	17.8%
401 Terry Francois	10,764	10,764	0	0.0%
501 Cesar Chavez	40,090	22,864	17,226	43.0%
Pier 70, Bldg 11	25,154	25,154	0	0.0%
Pier 96	18,542	18,542	0	0.0%
Total	175,090	153,853	21,237	12.1%

BULKHEAD OFFICE				
Pier 9	79,353	72,479	6,874	8.7%
Pier 15 ²	4,084	4,084	0	0.0%
Pier 17 ²	2,774	2,774	0	0.0%
Pier 23 ^{1,3}	12,300	12,300	0	0.0%
Pier 26 ³	18,433	18,433	0	0.0%
Pier 28 ³	6,187	6,187	0	0.0%
Pier 33 ⁴	0	0	0	0.0%
Pier 35	9,994	5,847	4,147	41.5%
Pier 50	7,743	7,743	0	0.0%
Pier 54	3,000	3,000	0	0.0%
Total	143,868	132,847	11,021	7.7%

OVERALL OFFICE	318,958	286,700	32,258	10.1%
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PIER SHED				
Pier 9	34,313	34,313	0	0.0%
Pier 15 ²	155,028	155,028	0	0.0%
Pier 17 ²	120,325	120,325	0	0.0%
Pier 19 & 19 1/2 ¹	94,544	94,544	0	0.0%
Pier 23 ¹	54,000	54,000	0	0.0%
Pier 26 ⁵	94,472	94,472	24,314	25.7%
Pier 28 ⁵	44,644	44,644	16,040	35.9%
Pier 33	61,192	61,192	0	0.0%
Pier 35	242,299	242,299	0	0.0%
Pier 38 ³	0	0	0	0.0%
Pier 40	82,904	82,904	0	0.0%
Pier 48	200,000	200,000	0	0.0%
Pier 50	135,350	135,350	0	0.0%
Pier 54	20,000	20,000	0	0.0%
Pier 96	400,600	400,600	0	0.0%
TOTAL SHED	1,739,671	1,739,671	40,354	2.3%
Office & Shed	2,058,629	2,026,371	72,612	3.5%

Note: Includes only facilities available for leasing.

¹ Port is required to deliver these facilities free of tenants by various dates in 2012 and 2013 for AC34.

² Piers 15 and 17 are under a master lease to the Exploratorium effective Nov 2010

³ Possession of P38 reverted to the Port in winter 2011, however due to structural problems, the site is unleaseable.

⁴ P33 is an internal Port development project and is not yet available for leasing.

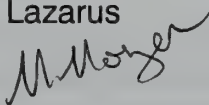
⁵ In Jan 2012, these sites were part of AC34 deal, but were later removed. June 2012 figures include pending relocations from AC34 sites to P26&P28



MEMORANDUM

June 7, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer 
Executive Director

SUBJECT: Informational presentation regarding the dissolution of the San Francisco Redevelopment Agency as it relates to Port property in the South Beach area, recommended budget changes and consideration of a proposal to increase berth rates to reduce the operating deficit of the South Beach Harbor adjacent to Pier 40

DIRECTOR'S RECOMMENDATION: Informational Item – No Action Required

Summary

On July 1, 2012, the Port will assume responsibility for the management of the 700 slip South Beach Harbor, Pier 40, Carmen's Restaurant, the Ship's Clerk's Association Building, the Harbor Services Building, which currently houses the harbor management office and South Beach Yacht Club, various parking facilities, and two long term development leases with Delancey Street and Steamboat Apartments. These properties have been under lease from the Port to the San Francisco Redevelopment Agency (SFRDA) and were entered into in phases between 1984 and 2002. Upon dissolution of the San Francisco Redevelopment Agency (as discussed below), these leases were automatically assumed by the City. The City has asked the Port to assume and operate the underlying assets and their corresponding obligations.

This informational presentation is to brief the Port Commission and the public on the budget implications to the Port from assuming operation of these and their corresponding obligations, including debt responsibilities, property and marina management.

Debt: The Port will be responsible for an outstanding balance of \$13.4 million of former SFRDA debt and State of California Department of Boating & Waterways ("Cal Boating") loans issued for development of the South Beach Harbor.

THIS PRINT COVERS CALENDAR ITEM NO. 10A

- Management:** The Port will take over day to day management of the properties listed above. The Port will retain 8.6 full time equivalent positions ("FTEs") from the South Beach Harbor staff. The Harbor will be managed through the Port's Maritime Division.
- Financial:** All 700 slips at South Beach Harbor are fully occupied. However, projected Harbor revenues do not fully fund projected Harbor expenses, including servicing the outstanding debt. Furthermore, the revenues do not provide for any mechanism to fund future capital improvements nor funding for significant regulatory obligations. In addition, berthing rates are significantly (24% to 42%) below market and need to be raised and parking lot operations need to be monetized and updated.
- Options:** Port staff, in coordination with SFRDA staff, have explored various options for balancing revenues and expenses including (1) raising berthing rates, (2) updating parking lot operations and (3) more efficient use of current space and further leasing of vacant space at Pier 40 in order to maintain the quality of the facility without subsidy from the Port's balance sheet.

Background

The SFRDA was one of 400 development agencies in the State of California. The SFRDA was founded in 1948 and operated to revitalize deteriorated areas of the City and County of San Francisco. SFRDA's activities generally functioned in designated redevelopment areas, known as project areas. The SFRDA was a major tenant of the Port. Under long term ground leases with the Port, the SFRDA operated the Port's Pier 40 facility, the adjacent 700 slip marina harbor, and has developed seawall lots and other Port property in the Central Waterfront with a park, housing, restaurant and retail projects. The SFRDA paid the Port approximately \$931,500 annually in rent for the use of this property.

With the approval of California Assembly Bill 26 and the subsequent California Supreme Court ruling, the SFRDA was dissolved on February 1, 2012.¹ AB 26 provides that the

¹ On June 28, 2011 Governor Jerry Brown signed two companion budget bills into law that significantly affected the State's redevelopment agencies including the SFRDA. The first bill, AB1X 26 froze most new activities of the State's redevelopment agencies as of June 30, 2011 with the exception of those activities related to the performance of enforceable obligations, and activities related to future actions that a successor may be required to take, and required the agencies dissolve by October 1, 2011. The bill established successor agencies to wind down the operations and pay the debt of the eliminated redevelopment agencies. The second bill, AB1X 27 offered a way for the agencies to continue in existence if they agreed to pay certain specified sums to school and fire districts in their jurisdictions in 2012 and subsequent years. These payments were designed to offset a portion of state budget payments to these districts.

On July 18, 2011, the California Redevelopment Association and the League of California Cities filed a motion with the California Supreme Court, asking the Court to stay the enforcement of legislative bills AB1X 26 & 27, and to declare the two bills unconstitutional on the grounds that they violate Proposition 22, a ballot measure approved by the voters in November, 2010 that prevents the State from seizing revenue dedicated to local government. The California Supreme Court granted a stay suspending the implementation of AB1X 26&27 until it ruled on their constitutionality.

On December 29, 2011 the Court issued its ruling on the lawsuit challenging the constitutionality of AB1X 26 & 27. In its ruling, the Court upheld AB1X26, the bill that dissolves all of California's redevelopment agencies, however it ruled as unconstitutional AB1X27, the bill that would have allowed redevelopment agencies to avoid elimination by making certain payments to school and fire districts in their jurisdictions. The Court also extended the deadline for the dissolution of the redevelopment agencies by four months to February 1, 2012.

City may become the successor to the SFRDA, and continue to implement “enforceable obligations” which were in place prior to the suspension—existing contracts, bonds, leases, etc.—and take title to all of the SFRDA’s housing and other assets.

On January 24, 2012 the San Francisco Board of Supervisors passed a resolution (No. 11-12) which took the following actions regarding the SFRDA:

- (i) Affirms that the City and County of San Francisco is the successor agency to the SFRDA;
- (ii) Transfers all of the SFRDA’s housing assets to the Mayor’s Office of Housing;
- (iii) Transfers all of the SFRDA’s non-housing assets to the City’s Director of Administrative Services;
- (iv) Provides for the payment and performance of enforceable obligations, including bonds, debt service and related payments; and
- (v) Authorizes the establishment of a new Oversight Board to oversee the SFRDA’s assets as required by AB1X 26.

Since that time, the City has developed a transition plan to integrate the SFRDA into the City. Part of this transition plan includes the Port assuming the property management responsibilities for Port property and for the operations of the South Beach Harbor effective July 1, 2012.

Seawall Lots, Pier 40 Commercial Property and Rincon Park

As of July 1, 2012, the Port will assume all asset and property management responsibilities for 16 leases and licenses located within the South Beach Redevelopment Area. The three general areas and the leaseholds therein are described in greater detail below.

Pier 40

There are currently 11 tenants in Pier 40. The tenant base at Pier 40 is made up of a number of small maritime related businesses, a bike rental company and Carmen’s Restaurant. Most of these tenants are currently on short term or month to month leases and licenses.

Inland Park Area

Adjacent to the harbor and North of AT&T Park lays an area which includes 3 leaseholds that will revert to the Port. The leases are with the Ship’s Clerk’s Association Building, which is the administrative office building for the ILWU; the South Beach Yacht Club, which is housed in the South Beach Harbor Services Building; and a license with China Basin Ballpark Company for parking adjacent to the ballpark.

Seawall Lot Leases

The remaining 2 leases are located on the west side of The Embarcadero on seawall lots. One of these leases is with the Delancey Street Foundation located on Port

Seawall Lot 332 and the other lease is with Site K, Inc. located on Seawall Lot 333. These are both long term development leases that expire in 2050.

The existing leases with Delancey Street Foundation and Site K, Inc. include a provision that makes the Port the lessor should the SFRDA or the plan area dissolve. As a result, the Port has assumed property management responsibilities for these properties. The Mayor's Office of Housing will conduct the necessary work to ensure compliance with the affordable housing requirements. Port staff is in discussion with the Mayor's Office of Housing regarding the appropriate work-order for this effort.

Rincon Park

Since 2003, the Port has provided maintenance, management and security services for Rincon Park which the Redevelopment Agency has paid for with tenant rents and funding from The Gap. The current budget is approximately \$195,000. The Disposition and Development Agreement between the The Gap and the SFRDA, provided for 10 payments of \$100,000 each over 10 years, from January 2003 to January 2012. SFRDA staff report that The Gap has paid \$700,000 and \$173,698 is remaining. With the remaining balance plus the \$300,000 The Gap still owes, the Port will have \$473,698 to use for security at Rincon Park. After full expenditure of these payments, the Port will need to fully absorb Rincon Park into its portfolio of parks, as additional tax increment will not be made available for this purpose. Positive cash flow from the commercial properties will support the Rincon Park obligation and fund the work-order with the Mayor's Office of Housing. The rents from Delancey Street and Site K generate \$361,000 more in rents than the SFRDA previously paid the Port. Port staff is also exploring additional leasing opportunities on Pier 40.

South Beach Harbor

South Beach Harbor is a full service marina, consisting of 700 slips with concrete docks, a 640' recreational and commercial Guest Dock, Pier 40 Maritime Center and South Beach Park. Located between Pier 40 and AT&T Park, ½ mile south of the Bay Bridge on The Embarcadero, South Beach Harbor enjoys access to great sailing and spectacular views of the City skyline. Public transportation, a multitude of dining options, and all the other attractions of San Francisco are easily accessed from South Beach Harbor's location making it the premier marina in San Francisco Bay.

South Beach Harbor is also home to the Bay Area Association of Disabled Sailors, (BAADS) an all-volunteer, non-profit charitable organization whose mission is to "Provide access to sailing for all persons with disabilities, their families, and friends and interested others in the San Francisco Bay Area". In 2011, over 390 people participated in sailing with BAADS, including an increasing number of recent military veterans, many dealing with Post Traumatic Stress Disorder. BAADS has been provided free berthing by the Redevelopment Commission, and Port staff wholeheartedly supports a continuation of this practice by the Port Commission.

South Beach Harbor was built in 1986 by the San Francisco Redevelopment Agency on property leased from the Port of San Francisco under Lease No. L-10892. The lease

provided for the development and ongoing operations of the harbor facilities for a term of 66 years. The marina was financed through \$23.9 million in revenue bonds and an \$8 million California Department of Boating and Waterways loan. A subsequent \$10 million improvement program, which included a harbor services building, a new commercial guest dock, expansion of the park, completion of the waterfront promenade, disabled access throughout the Harbor, and facilities for disabled and youth sailing programs, was completed in 2006. A Phase II improvements plan was planned to include structural repairs to the underdeck and pilings of Pier 40, completion of the public access walkway on the south side of Pier 40, replacement of the south and west facades of Pier 40, as well as repairs to the north and east facades, and new public restrooms to serve harbor tenants and visitors.

The San Francisco Bay Conservation and Development Commission (BCDC) permit for the original construction of the marina, issued on March 16, 1984, includes requirements for improvements to the south apron for public access which is currently gated, a walk way on the breakwater, and public restrooms in the Pier 40 shed by December 31, 2017. In 2004, this uncompleted work was estimated at \$6.2 million. A new estimate has not been developed but it would be significantly higher than the 2004 estimate. Port staff is in discussion with BCDC staff regarding whether BCDC could extend the due date on this obligation until the operations are on stronger financial footing and can support issuance of new debt. However, the due date has already been extended.

South Beach Harbor Debt

When the SFRDA was dissolved, it had four long term debt obligations. The current balance is \$13.4 million as shown below. Three are loans provided by the State of California's Department of Boating and Waterways (Cal Boating), and the fourth is held as an investment by the City and County of San Francisco.

Table 1: Terms of South Beach Harbor Obligations

Original Amount	Description of Debt	Interest Rate	Current Outstanding	Term	Final Maturity
<i>Cal Boating</i>					
\$400,000	Small Craft Harbor Loan #86-12-100	4.50%	\$362,982	50 yrs	August 1, 2036
\$3,100,000	Small Craft Harbor Loan #84-21-78	4.50%	\$3,075,369	50 yrs	August 1, 2035
\$4,500,000	Small Craft Harbor Loan #83-21-193	4.50%	\$4,234,609	50 yrs	August 1, 2034
<i>Other Debt</i>					
\$6,300,000	South Beach Harbor Refunding Bonds	3.50%	\$5,690,000	4 yrs 10 mos	December 1, 2016
Total Current Balance			\$13,362,960		

The source of repayment for all four of the South Beach Harbor loans is limited to revenues and tax increment generated by the South Beach Harbor.² The bonds are secured by a first lien on all net revenues of the South Beach Harbor. Payment of the Cal Boating loans is subordinate to the South Beach Harbor Bonds. In addition to having a first lien on the revenues generated by the South Beach Harbor, the bond holders also had a "direct pay" letter of credit with Dexia Bank such that all payments were made directly by Dexia to the bondholders, and the SFRDA then reimbursed Dexia. Letters of credit are usually issued for terms of 3 years or less, and must be reissued to match the term of the bonds they secure.

In December 2011, Dexia Bank informed the SFRDA that they had elected not to renew the letter of credit. As a result, on January 5, 2012, in accordance with the terms of the bond indenture, the bond trustee provided written notice that the bonds (Variable Rate Demand Bonds) would automatically convert to a fixed rate as required if the letter of credit was not reissued. The then current holder of the bonds also informed the bond trustee that it no longer wished to hold the bonds, beyond the automatic conversion date of January 20, 2012. On that date, the bonds were remarketed by the bond trustee and, absent investors at an affordable interest rate, were purchased by the City and County of San Francisco's Treasury which is holding the bonds as an investment security. The bonds bear an interest rate of 3.5% per annum and are set to amortize and be fully repaid by December 1, 2016, the original final maturity date. The original principal amount was \$23.9 million. The SFRDA paid off \$18.2 million of that original amount. As of June 1, 2012, \$5.7 million is outstanding.

²Tax increment from the South Beach Harbor is property tax collected on the boats and leaseholds of the slips, which is "unsecured" tax rolls. Unless these revenues were specifically requested by the SFRDA, they were collected and distributed to the various entities receiving distributions of collected property tax (CCSF, BART, BAARQ, SFUSD, SF Community College). This increment is pledged to the bonds along with operating revenues should these funds be required to pay debt service on the bonds. The 2007, value of this increment was approximately \$248K.

All of the financing for South Beach Harbor was obtained from 1983 to 1986, and was used to finance the improvements to South Beach Harbor. The three Cal Boating loans were obtained in 1983, 1984, and 1986. The current South Beach Harbor bonds are "Variable Rate Demand Refunding Bonds" first issued on December 17, 1986, and now held by the City Treasury.

Pursuant to the terms of the bonds, the net revenues generated by the South Beach Harbor are required to be no less than 1.3 times the annual debt service on the bonds. Principal and interest on the bonds is payable semi-annually every June 1st and December 1st, while principal and interest on the three Cal Boating loans is payable annually every August 1st. Annual principal and interest payments for all four debt instruments total approximately \$1.9 million for the next four years.

In accordance with the bond indenture, the Port has set-up the South Beach Harbor finances as a separate fund to maintain the bond covenant requiring that the debt service pledge is limited to South Beach Harbor revenues.

Budget Impacts

The current year budget for the South Beach Harbor includes \$3.5 million in revenues and \$3.7 million in operating expenses, with an operating deficit of (\$205,213). Notably, this budget includes only the first payment on the debt obligations. The loan payment schedules include two payments in each fiscal year for the next four years.

The proposed budget for FY 2012-13 shows an operating deficit of \$800,000, with revenues of \$3.5 million and expenses of \$4.3 million. Berth rents comprise the major source of revenues. Expenses include three major categories: personnel, non-personnel including contract work for maintenance and security, and debt service. As noted above, since the dissolution of the SFRDA, the City bought the outstanding bond debt as an investment and restructured the South Beach Harbor bonds such that fully amortized principal and interest payments are due until the final maturity date of December 1, 2016. This date occurs one year prior to the due date for the next set of public access improvements required as a condition of the 1984 BCDC permit.

In addition to showing an operating deficit of \$800,000, the budget does not allocate operating revenue to a capital budget to maintain the facility in its current condition. The budget does include \$200,000 for minor capital repair and replacement work, but this is not sufficient and does not conform with the Port Commission's policy to allocate 20 percent of operating revenue to capital. Port staff believes that this policy, if applied to the South Beach Harbor, would generate ongoing capital sources so that the future capital improvements could be financed without a sole reliance on debt. However, revenue enhancing or cost cutting measures must first be applied to meet this policy goal.

Table 2: Projected Budget for the Current and Budget Year**BUDGET****FY 2011/12 FY 2012/13****Harbor Rents**

Berth Rents	2,868,610	2,848,445
On Shore Tenants	153,729	156,804
Daily Transients	250,000	255,000
Parking	95,000	96,900
Other Income	114,398	86,700
SF Giants SB Park	40,575	40,575
Subtotal Operating Revenues	3,522,312	3,484,424

Personnel

Salaries	650,000	553,282
Fringe	260,000	207,481

Non-Personnel	1,443,228	1,618,672
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Debt Services

Cal Boating Loans (Principal and Interest)	535,131	535,955
Bond Interest Expense	229,166	188,825
Scheduled Bond Principal	610,000	1,190,000

Operating Use	3,727,525	4,294,215
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Revenues Less Operating Costs and Debt Services	(205,213)	(809,791)
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Rental Rate Survey

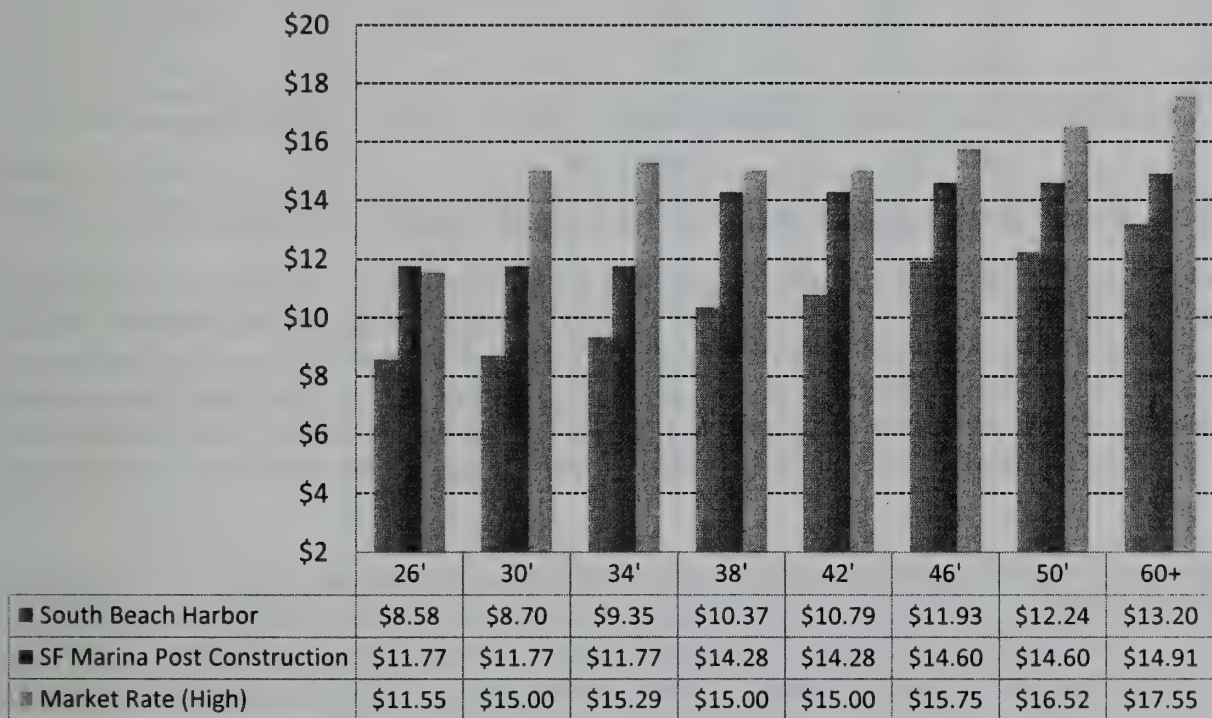
Staff of the SFRDA report that, other than occasional cost of living increases, berth rental rates have not been reevaluated as compared to market rates in over twenty years. In 2010, the SFRDA staff researched competitive berth rates and determined that South Beach Harbor's rates were significantly below market and needed to be adjusted. Implementation of harbor rate increases was not made due to the uncertainty caused by the dissolution of the SFRDA and the transition to City management.

Last month, the Port of San Francisco, through the City's Real Estate Division, contracted with David Tattersall & Co., a California State certified General Real Estate Appraiser, to perform a San Francisco Bay rate analysis and to estimate a range of market rental values of the marina berths located at the South Beach Harbor. Tattersall & Co. compared South Beach Harbor to numerous public and privately managed marinas in San Francisco Bay. This independent appraisal verified the SFRDA staff's

2010 opinion that rates were significantly below market. The appraisal concluded that the South Beach Harbor, one of San Francisco Bay's premier harbors, is significantly undervalued. The report stated that, "South Beach Harbor's rates, appear to be between 24% and 42% below" like marinas.

Unlike most other San Francisco Bay marinas, electricity is not sub-metered and is included as an amenity in the slip rental. South Beach Harbor has never charged for electricity use to the slip holders. The electricity use of the marina slips in 2011 was reported at approximately \$158,000 and was absorbed as an operating expense by the SFRDA. This electricity rate equates to \$0.54 per lineal foot per month. There is also currently a slip waiting list of approximately 2,000 boats which provides additional evidence that the rates are below market. To be placed on the South Beach Harbor waiting list, one only pays an \$80 one-time fee. At most other marinas, one must pay an annual fee to maintain one's place on the waiting list.

Chart 1: South Beach Harbor Rate Comparison



The above chart shows current South Beach Harbor rates as compared to the market rate of like marinas and compares against the San Francisco Marina, managed by the San Francisco Department of Parks and Recreation. The San Francisco Marina is currently undergoing a major renovation and the above rates reflect the adopted rates "post construction".

Impact to the Budget of Potential Rate Increases

Staff has analyzed various options to increase revenue at South Beach Harbor in order to eliminate the operating deficit and allow for future capital investments in the harbor,

both mandated by BCDC, as well as to maintain the facility to its current standard. Staff presents three scenarios for the Port Commission's consideration.

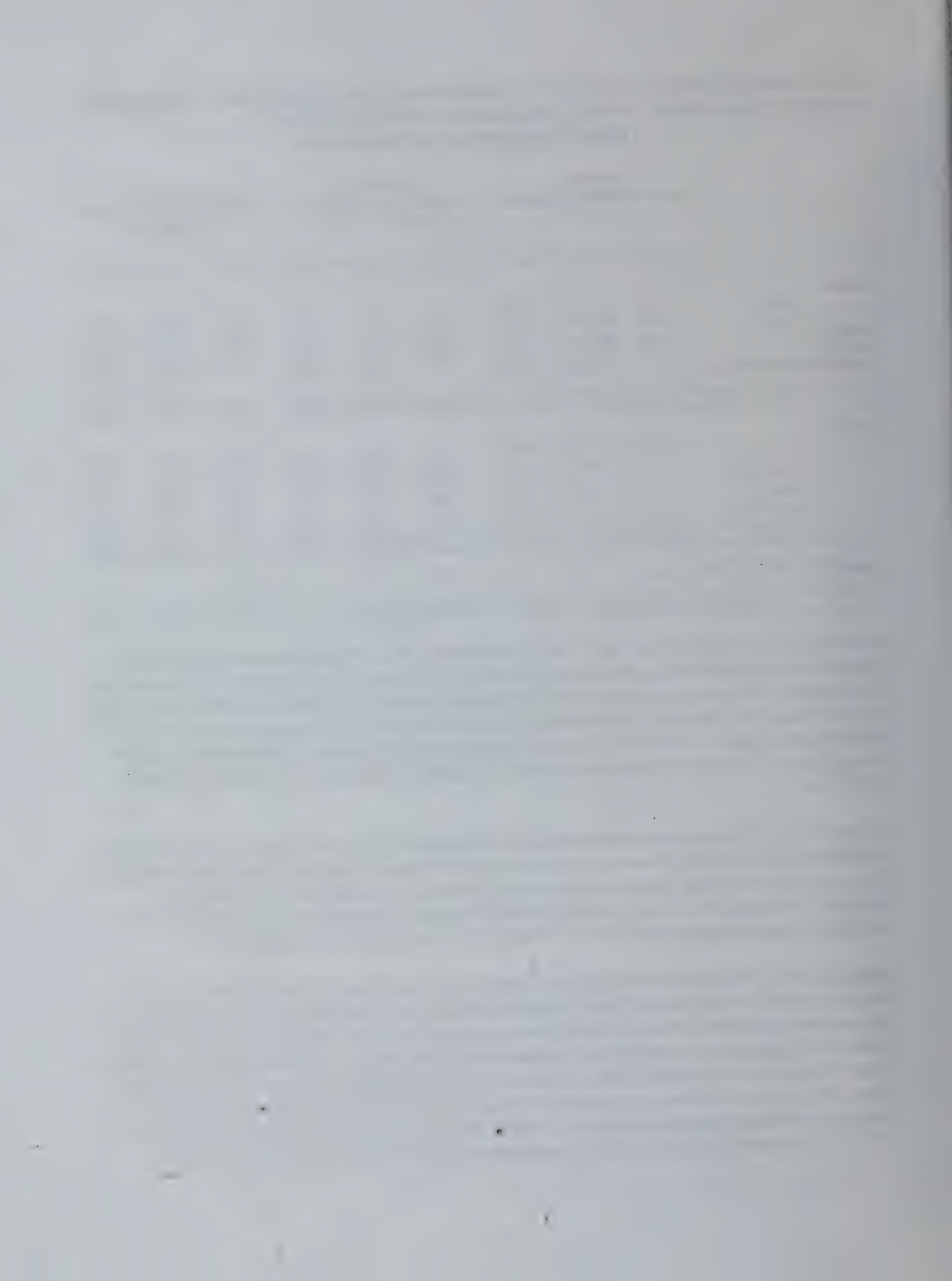
Table 3: Options for Rate Increases

	Scenario #1 vs SF Marina Post Construction			Scenario #2 vs SF Marina Post Construction Spread Over Two Years			Scenario #3 Market Rental Rates Spread Over Three Years		
	FY 12/13	FY 13/14	FY 14/15	FY 12/13	FY 13/14	FY 14/15	FY 12/13	FY 13/14	FY 14/15
Personnel									
Salaries	553,282	565,318	565,318	553,282	565,318	565,318	553,282	565,318	565,318
Fringe	207,481	211,994	211,994	207,481	211,994	211,994	207,481	211,994	211,994
Non-Personnel	1,618,672	1,667,233	1,699,804	1,618,672	1,667,233	1,699,804	1,618,672	1,667,233	1,699,804
Debt Service	1,914,780	1,912,780	1,914,380	1,914,780	1,912,780	1,914,380	1,914,780	1,912,780	1,914,380
Designated to Capital Improvement	-	102,130	159,179	-	46,238	46,142	-	291,716	844,452
Operating Uses	4,294,215	4,459,455	4,550,675	4,294,215	4,403,563	4,437,638	4,294,215	4,649,041	5,235,948
Harbor Rents									
Berth Rents	3,467,492	3,753,534	3,830,636	3,151,607	3,680,660	3,700,277	3,243,015	3,908,440	4,438,295
On Shore Tenants	156,804	159,940	163,139	156,804	159,940	163,139	156,804	159,940	163,139
Daily Transients	311,100	317,322	323,668	293,250	334,305	340,991	303,450	352,002	401,282
Parking	96,900	98,838	100,815	96,900	98,838	100,815	96,900	98,838	100,815
Other Income	86,700	88,434	90,203	86,700	88,434	90,203	86,700	88,434	90,203
SF Ginats SB Park	40,575	41,387	42,214	40,575	41,387	42,214	40,575	41,387	42,214
Subtotal Operating Revenue	4,159,571	4,459,455	4,550,675	3,825,836	4,403,563	4,437,638	3,927,444	4,649,041	5,235,948
Deficit	134,644	0	(0)	468,379	(0)	(0)	366,771	0	0
Operating Sources	4,294,215	4,459,455	4,550,675	4,294,215	4,403,563	4,437,638	4,294,215	4,649,041	5,235,948

Scenario #1 - Compared to San Francisco Marina post construction berth rates, South Beach Harbor rates are approximately 16% to 27% lower. This option recommends an immediate berth rate increase in the first budget year to an amount equal to the adopted post construction rates for San Francisco Marina and an ongoing adjustment for CPI in subsequent years. Under this proposal, the first budget year will still generate a slight deficit but will be able to designate money to capital improvement needs beginning in FY 2013/14.

Scenario #2 – This option recommends an increase in the berth rate amount to the San Francisco Marina post construction rate but spread over a period of two years instead of all at once. While this option phases in rate increases, which the customers will support, it results in a higher budget deficit in the first year and only a modest capital budget of approximately \$50,000 in FYs 2013/14 and 2014/15, respectively.

Scenario #3 – This option recommends adoption of new berth rates equaling those rates identified in the Rental Rate Survey as the highest end of the market range. The Survey recommends a market rental rate range from \$12.09 to \$18.09/ft/month. This scenario suggests increases to be phased over three years. With this option, the South Beach Harbor would have a deficit of \$370,000 in the first budget year. However, the next two years should see significant funds allocated to capital improvement needs, ultimately achieving approximately a 20 percent allocation of operating revenue in FY 2014/15 consistent with the Port Commission's policy for the Port's overall budget.



Parking

Currently, each of the 700 berth holders can obtain two free parking passes. There are approximately 205 parking spaces combined between Pier 40 and Pier 40a. The South Beach Harbor's proximity to AT&T Park and the growing South Beach community has increased the need for parking in the area. Harbor staff has informed us of operational issues and abuses of the harbor parking passes particularly during baseball/event days. Additionally, berth holders at the Port's Hyde Street Harbor pay a fee for parking on Port property.

Port staff is working with our Southern waterfront parking operator, Imperial Parking (US) LLC to analyze the current parking operation at the South Beach Harbor. We anticipate having Imperial Parking revamp the current parking operation in order to control abuses, better manage the asset, create equity among all of the Port's berth holders and generate additional revenues. The goal would be to integrate the parking operation of the South Beach Harbor to more closely follow current Port policy. Port staff anticipates that we will recommend that South Beach Harbor berth holders continue to have preferential access to parking at reduced market rates.

Operations

South Beach Harbor's current employees will become Port employees and will be brought into the Port organization and report to the Port's Maritime Division. The marina operates 365 days a year, 24 hours a day. It currently has 8.6 FTEs supplemented by contract security, custodial and landscaping vendors. These employees are represented by the International Federation of Professional and Technical Engineers (IFPTE), Local 21, and the Service Employee International Union (SEIU) Local 1021.

Next steps

Port staff has presented a series of options to improve the financial outlook for the South Beach Harbor to maintain the facility in its current high standard. Achieving financial stability is within the program's reach with a combination of berth rate increases to comparable market rates, changes in parking management and execution of new leasing opportunities on Pier 40. Port staff met with the South Beach Harbor boaters on Thursday, June 7, 2012 to gather suggestions and input.

At its June 12, 2012 meeting, Port staff will seek Port Commission feedback on its preferred option for addressing financial shortfalls and for increasing berth rates. At its July 10, 2012 meeting, Port staff will return to the Port Commission with a resolution to implement berth rate increases and adopt necessary budget changes. Port staff will implement other operation improvements related to parking and leasing in FY 2012/13 as staff gathers more information and data on the operations.

The first part of the paper discusses the importance of the study and the objectives of the research. It also outlines the methodology used in the study and the results obtained. The second part of the paper discusses the implications of the study and the conclusions drawn from the research. The third part of the paper discusses the limitations of the study and the areas for future research.

The study was conducted in a laboratory setting and the results were compared with those obtained from field studies. The study found that the results of the laboratory studies were in good agreement with those obtained from field studies. The study also found that the results of the laboratory studies were in good agreement with those obtained from field studies.

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The transition of the management of these assets to the Port represents an opportunity for the Port to expand in its key business lines, maritime and property management, on its own property. The former SFRDA staff that serve the South Beach Harbor are a professional group who have made the marina a premier facility. The Port looks forward to continuing this legacy.

Prepared by: Peter Dailey, Deputy Director
Maritime

Elaine Forbes, Deputy Director
Finance and Administration

Marilyn Yeh, Financial Analyst
Maritime

Mark Lozovoy, Asst. Deputy Director
Real Estate



SAN FRANCISCO PORT COMMISSION

**JUNE 12, 2012
MINUTES OF THE MEETING**

GOVERNMENT
DOCUMENTS DEPT

JUL - 6 2012

**MEMBERS, PORT COMMISSION
HON. DOREEN WOO HO, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. LESLIE KATZ
HON. ANN LAZARUS**

SAN FRANCISCO
PUBLIC LIBRARY

**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING TUESDAY, JUNE 12, 2012

1. CALL TO ORDER / ROLL CALL

Commission Vice President Kimberly Brandon called the meeting to order at 2:40 p.m. The following Commissioners were present: Kimberly Brandon, Leslie Katz and Ann Lazarus. President Doreen Woo Ho was not present.

2. APPROVAL OF MINUTES – May 29, 2012

ACTION: Commissioner Lazarus moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. The minutes of the May 29, 2012 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Lazarus moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

At 2:41 p.m., the Commission withdrew to executive session to discuss the following matters:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION AND ACTION):

- a. Discuss existing litigation matter pursuant to Section 54956.9(a) of the California Government Code and Section 67.10(d) of the City and County of San Francisco Administrative Code.
 - Waterfront Watch and Does 1-10 vs. San Francisco Port Commission; City and County of San Francisco: San Francisco Board of Supervisors; San Francisco Planning Commission, and Does 11-20; America's Cup Event Authority LLC; San Francisco America's Cup Race Management; Golden Gate Yacht Club of San Francisco; Oracle Racing, Inc.; et al., and Does 21-50; Superior Court of California, County of San Francisco (Case No. CPF-12-511968).

Proposed settlement of litigation alleging violation of the California Environmental Quality Act (CEQA) in connection with project approvals for the James R. Herman Cruise Terminal and Northeast Wharf Plaza and 34th America's Cup projects; the terms of the proposed settlement include: (1) City's payment of \$150,000 to the U.S. Geological Survey to conduct a bird study; (2) City's payment of \$75,000 for Petitioner's and Administrative Appellants' Attorneys' Fees (A Port payment of \$30,000 is included in the total amount of \$75,000); (4) petitioners' dismissal of litigation, agreement not to oppose the Cruise Terminal Project or the 34th America's Cup Project, and full and final release of claims; and (5) other terms and conditions of the proposed settlement agreement on file with the Port Commission Secretary.

5. RECONVENE IN OPEN SESSION

At 3:17 p.m., the Port Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Lazarus made a motion to adjourn executive session and reconvene in open session; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

Commissioner Lazarus reported that the Commission approved the proposed settlement of the Waterfront Watch litigation on the terms set forth in the Settlement Agreement and General Release on file with the Commission Secretary, or such amended terms as do not materially increase the City's obligation or decrease the City's benefits.

ACTION: Commissioner Lazarus made a motion not to disclose any other information discussed in executive session. Commissioner Katz seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENTS – The Port Commission Secretary announced the following:

A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment for Public Comments:

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Commendation for SFPD Captain Stephen Tacchini on his retirement

I first wanted to extend along President Woo Ho's regrets that she couldn't join us here today. She had a medical issue in her family, and otherwise would love to be here. As most of you know, Commissioner F.X. Crowley tendered his resignation at the beginning of the month in his run for supervisor. Thank you to the three Commissioners for being with us today.

We are hosting a community workshop on the Pier 70 Crane Cove Park on Wednesday, June 20, 2012 at the Pier 1 offices from 5:30 to 8:00. It's a community workshop to go over concept alternatives for the Pier 70 Crane Cove Park.

We have two pieces of sad news today, because two of the faces that have been here for a very, very long time are leaving us, which I'm completely in denial about. I will do my best to try to accept that in the time we have today.

First and foremost, we would like to commend Captain Stephen Tacchini on his retirement from the San Francisco Police Department. He joined the San Francisco Police Department as a cadet in 1973, working in the Investigations Bureau. He became a sworn officer in 1977, assigned to both Northern and Mission Stations. Then he was promoted in 1986 to Sergeant and assigned to the Administrative Bureau.

In 1991, he was promoted to inspector and assigned to the internal affairs and administration bureau. In 1993, he was promoted to Lieutenant and assigned to the tactical unit as Platoon Commander of the SWAT team. In 1997, he was promoted to Captain, commanding the MUNI transit company Tenderloin and Central Stations. In 2005, he was promoted to Commander of the Field Operations Bureau overseeing the patrol force on specialized units.

In 2008, he was assigned as a commanding officer of Mission Station. In 2009, he was assigned as a commanding officer of the traffic company. In 2010, he was assigned as a commanding officer of Narcotics, Vice, and Financial Crime units of the Investigation Bureau. Since 2011, he has been assigned as the commanding officer of the Central Police District, which is one of our favorite of the stations in the city. Unfortunately on June 17, 2012, he will be retiring after 39 years of service.

I read all that into the record because I want to make the point that these jobs are incredible, and the people who fill them are amazingly talented individuals who can be masterful in any different division or expertise, and then come happily down to Central Station and invest all of that talent,

wherewithal, knowhow, to help make our community a better community. The community couldn't be happier to have had him, again, as captain for the last two years. It will be a big loss. You guys have big shoes to fill in his absence.

We have been so fortunate to have your problem solving capabilities, your analysis, your friendship, your support, and really your commitment and attentiveness, and I really can't thank you enough. We will be sad to see you go. We hope that you get to relax a little after all these years. We look forward to welcoming you back as a patron of the Port, so hopefully you'll come back quite a bit, and you're welcome here any time.

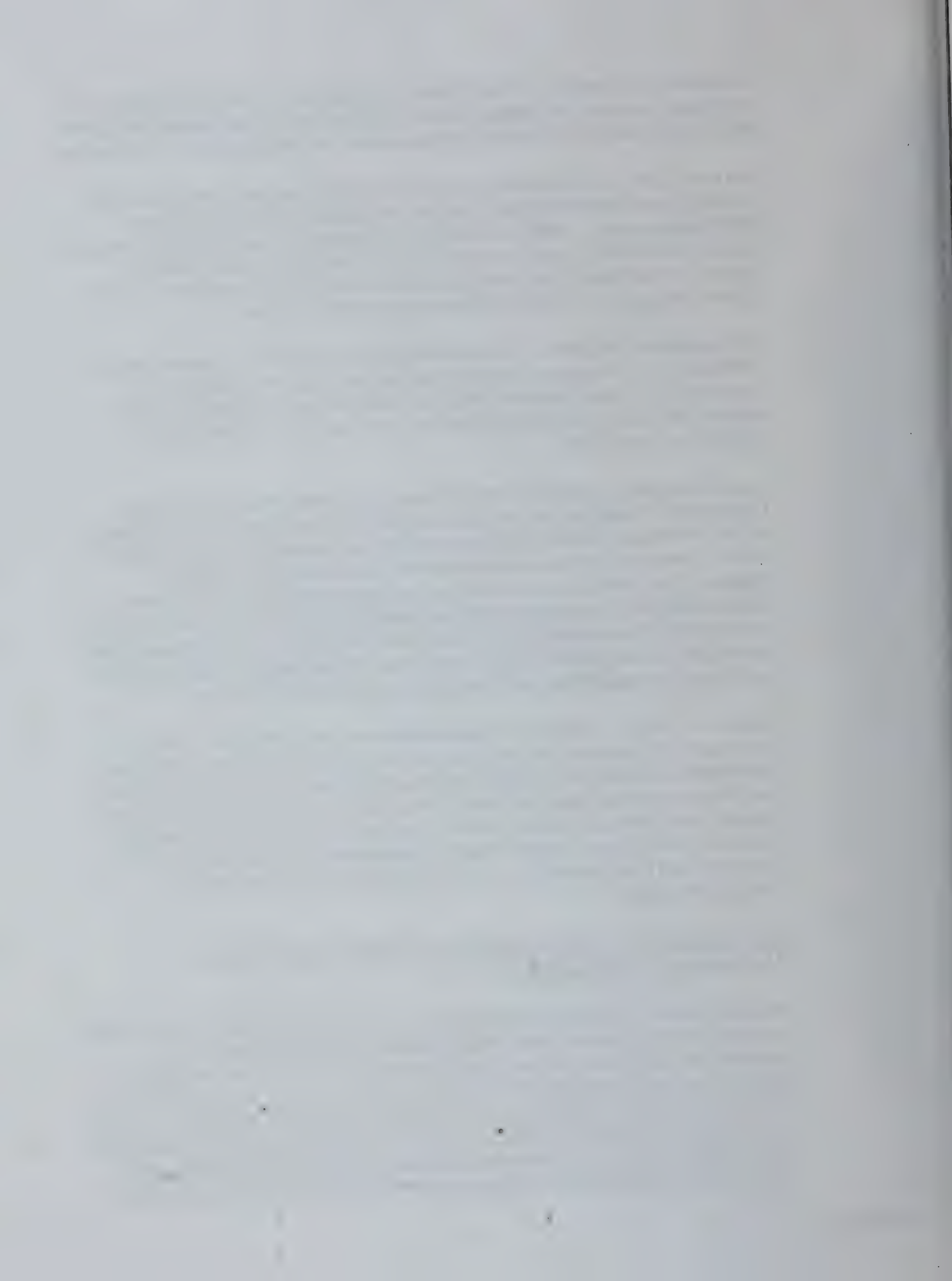
Commissioner Brandon – You definitely have to come back, especially with America's Cup. We have a plaque here for you: Captain Tacchini - In appreciation for your years of hard work and support of the Port staff, its tenants, its visitors, and its neighboring communities, the Port of San Francisco, June 2012.

Susan Reynolds, Director of Real Estate - On behalf of the Real Estate Department, thank you for all of the support that you've given us, especially in the Fisherman's Wharf area and providing extra resources. I met Steve back in 1996. He and I were enrolled with Leadership San Francisco together. Ever since then, I've noticed no matter where he is, he's always shown support for the community, leadership, and friendship, always kind and friendly. We're really going to miss you, but I wish you well in your next adventure of being retired. I look forward to that someday. Thank you again very much for everything, and good luck to you and best wishes.

Stephen Tacchini - Thank you, commissioners. Director Moyer, thank you very much. I'm humbled by this. It's been an honor to work with everybody associated with the Port. The Police Department and the Port have a great working relationship, and that's why things get done so well down here. We respect each other and we try to work together to get to the best possible solutions all the time. I'm sure that my replacement will continue with this tradition. And I wish all of you well, and thank you very much for the recognition today.

- Commendation for Thomas Meisenbach, Superintendent Harbor Maintenance, on his retirement

Monique Moyer - Our next commendation today is for Tom Meisenbach, who is our Superintendent of Harbor Maintenance, on his retirement. He is certainly way too young to be retiring, but he has a lot of great things to do with his life, so off he goes from us. Tom, I don't know if you remember, but I remember vividly that my first day on the job, which was a big day in my life, I wandered into the Maintenance Division and found my way up the stairs into your office. After you sort of looked shocked, you welcomed me with open arms, and introduced me to all the crew there, and I really always remember



feeling very welcomed. I really appreciated all of your good humor and good nature about yet another change at the Port.

I think that epitomizes kind of who you are and who you've been here at the Port of San Francisco. You've always been someone that we can all count on, all hours of the day and night. I think I talk to you more in the off hours than maybe during the hours. You always answer your phone. You always know exactly what to do, and you were always incredibly responsive to us. I am completely in denial that we will be able to get along without your expertise here to guide us, so I'm hoping you won't change your cell phone number so we can find you. I would like to give you some of Tom's amazing story here at the Port.

He joined the Port in November 1979 as a pile worker. In 1980, he became the Pile Driver Engineering Operator. Eight years later, in 1988, he became the Pile Driver Supervisor and the Supervisor of the dive crew and he is a diver. In 1999, he took on the assignment of acting Harbor Maintenance Supervisor and became the sworn in Harbor Maintenance Superintendent in that year.

Tom has been with the Port now for 32½ years. I guess you epitomize the phrase working from the ground up or from the base of the pile, I guess it would be from the mudline up. He really does know where every bolt is in this Port, I suspect. He is one of four generations of Meisenbachs that have worked for the Port. His great grandfather was a boilermaker for the Belt Railroad for the state of California, the Board of Harbor Commissioners. His grandfather was a boilermaker and a welder for the Belt Railroad, which was again part of the State Board of Harbor Commissioners. His father was a dredger man, laborer foreman, and then Superintendent for the Port. And of course you've just heard Tom's story as well. It's just really unfathomable that you could be leaving us. I know I've said that three times, and I intend to continue saying it.

Tom is the architect of the annual Port barbecue, and so for certain you have to come back every year for that, because you can't get better food than the annual Port barbecue. He's had a great life experience here at the Port. I know you shared some memories, but I thought I'd share them for you to share, unless you wanted me to say them. So, Tom, I know there isn't a Port employee that doesn't know your name and phone number by heart, that hasn't called you about something entirely crazy. I know that's true with the over-400 tenants at the Port, and I really hope that when you do get that chance to sit still and breathe it all in that you will really think through the amazing legacy that you and your family have given the Port of San Francisco. Your craftsmanship is what keeps our doors open today, and we'll never have the words to be as grateful as we are, but we thank you tremendously. My thanks to your family for allowing that. Congratulations to you. We will miss you.

Kimberly Brandon - We have a plaque for you. Thomas Meisenbach, Thank you for 32 years-plus of outstanding service, November 1979 to June 2012, Port of San Francisco.

Tom Carter, Director of Maintenance - I've only been here eight years. Tom's been here 32 years on the job, and since the early 1960s, with his family coming and visiting the Port and hanging out on the Port. Monique told the wonderful story of Tom's family and his time here, but with my time here, what I've learned about Tom is what his men know about him. One, he's a man's man. He's loyal to his folks to a T. The guys can go to him. They count on him. He stands up for his men. He stood up for them many times with things that I've requested, and respectfully so. He is dedicated. As Monique said, he does answer his phone at all hours of the night. He has phone numbers to get people to come to the Port to do things for us that I still don't have, and I hope someday to have. You have to earn those numbers. He's dedicated. He's a reference library that we're losing, and to that, we're going to miss. He's been a wonderful advisor for me over the years. We've really learned to grow and manage symbiotically. He's been a wonderful gentleman, and truly we're going to miss him, and his staff is going to miss him. I do look forward to Tom coming back, to all those barbecues, and enjoying his retirement, which he has already begun to do in the few days he's been taking off. He's starting to relax, he said. It's wonderful when a person can retire, and this is well deserved. Thank you, Tom.

Susan Reynolds - I can't tell you how much the Real Estate Department is going to miss you. You're always responsive, friendly. I know that sometimes we get into tussling matches, but you're always there to support us and get the work done. If I knew how to fill out the work order system, which they won't let me play with, I'd send you one more work order, and that is to have a great retirement. Enjoy yourself, and don't think about us anymore. Congratulations and good luck to you.

Tom Meisenbach: Thank you very much, Commissioners. Monique, thank you very much for your kind words. I appreciate it. It has been a wonderful experience for me here for the last 32½ years, and actually all my life. I spent a lot of time here. My folks, grandparents, they used to bring us to work all the time, and it was exciting and it's still exciting. It's just a neat place. It's unique with the waterfront, the pile driving. Years ago we had our own dredgers, and it was just an awesome thing to see. It was just a great place to work, and I certainly appreciate it, and I know my family does. Thank you very much.

Kevin Carroll, Hotel Council of San Francisco - I also wanted to thank Captain Tacchini for all his work. I had the pleasure of working with the Captain when I was on Fisherman's Wharf, and then continuing when I joined the Hotel Council about six months ago. He was always an incredible person to work with. One of the things that I was most impressed with is his ability to listen. While serving on a citizens' advisory committee, I saw him in

action with all sorts of questions that came up, and he always did it with an incredible amount of dignity and grace. As a citizen of San Francisco and representing the Hotel Council, I just wanted to thank you.

8. PLANNING & DEVELOPMENT

A. Request endorsement of the Board of Supervisors Sole Source authorization for negotiations between the City and County of San Francisco and the Golden State Warriors. (Resolution No. 12-50)

Brad Benson, Special Projects Manager - On May 22, 2012, Mayor Lee and representatives of the Golden State Warriors met out on Piers 30-32. I know a number of the commissioners were there to announce a plan to build a new, state of the art, privately financed arena on Piers 30-32. There's a lot of excitement in the city about this. The Warriors used to play in San Francisco. The team was started in 1945. From 1962-1971 they played in San Francisco at the Cow Palace. There were some of the former players at the event on Piers 30-32 who recalled what it was like to play at the Cow Palace, and how important it is for a basketball team to have a great facility to play in.

We're here today to talk to the Commission about a resolution endorsing the Board of Supervisors' resolution that is being considered right now at the Board of Supervisors. That resolution would authorize the Port to enter exclusive negotiations with the Warriors to develop this facility on Piers 30-32 and Seawall Lot 330 across the street. We're just kicking off this process. It's a lengthy process, as those who are familiar with waterfront development know. On the screen is an interesting photo of the original construction of Piers 30-32 in the 1930s.

The Board of Supervisors resolution authorizes sole source negotiations for a privately financed facility on Piers 30-32. This would be a fair market rent agreement, as all of our agreements have to be. We have been down this road before with respect to Piers 30-32. The Port has attempted two major developments at this site, with Lend Lease and the Bryant Street Piers Project that got all the way through the process, and then more recently with the America's Cup and the development efforts associated with that. Both of those efforts foundered with higher than expected substructure costs. Any deal that is put together for an arena at Piers 30-32 is going to have to confront those costs. The way that we typically structure these fair market rent agreements is to look at ways to use rent credits, and possibly infrastructure financing district proceeds to help offset those substructure costs so that we can deliver a site that can be built on.

The project is a concept only at this stage. They have identified a 17,000 to 19,000-person facility with major new public open space. The BCDP Special Area Plan for this site requires open space of 35% of the pier or more, parking facilities. For any facility like this, you want to have ancillary retail activities on

site so that people coming to the facility can enjoy some restaurant activities and some shopping before and after the game.

The Port's policies also recognize the importance of this facility from a maritime perspective. It's served as a tertiary cruise facility when Piers 35 and 27 are full - on days when we have tripleheaders at the Port. The program is going to include related uses on Piers 30-32 and Seawall Lot 330 that haven't been identified yet. There is also going to be a need for transportation improvements in the area. Those familiar with the ballpark and game days know that South Beach is congested. Through the CEQA process and through the public outreach process, consultation with BCDC and State Lands, the project is going to have to address what those ancillary uses are going to be associated with the project, and how people are going to get to and from the site.

Today's action is endorsing the sole source resolution at the Board. It's contingent on the Board actually adopting that resolution. If the Board does adopt that resolution and you adopt this resolution today, the next step would be to enter an exclusive negotiating agreement with the Warriors, and that would be subject to the Port Commission's approval after it's negotiated. That sets a number of milestones for the project, and what the roles and responsibilities are for each party.

We would consult with the San Francisco Bay Conservation and Development Commission about issues related to public access to the Bay, views in this area of the waterfront, and related issues in their Special Area Plan. We would consult with the California State Lands Commission pertaining to a public trust consistency determination. Any project built on Piers 30-32 has to be consistent with the public trust, which is the Port's mission in the Burton Act.

We would negotiate a term sheet that would lay out the basic terms of the real estate agreement, and prepare a fiscal feasibility analysis, because there are public sources that would go to the substructure costs that we talked about earlier. After the Board approved those items, then compliance with the California Environmental Quality Act would start, and there would be a CEQA process looking at the project.

Monique Moyer - I just want to add that I just got word that the Board of Supervisors has approved the resolution.

Katy Liddell - I am the President of the South Beach / Rincon / Mission Bay Neighborhood Association. I'm here for myself, but also what I'm going to say reflects the thoughts of our seven board members. First of all I want to say that we welcome the Warriors. We want the Warriors to come to San Francisco, but we are very concerned about putting an arena on Piers 30-32. Our neighborhood, as you know, has really changed. It's no longer an industrial area. We have all these new condominiums there. We have lots and lots of residents. We already have one major stadium, a baseball stadium. In fact, that is an ongoing issue. We love the Giants, but we have to work very hard on a

continuing basis to tackle things like trash, like scalpers, like unlicensed merchandise. The Giants are great. In fact, they came to our neighborhood association last night, where we had about 50 people, and we spent two hours or so talking about the issues. This is hard work to partner, to really tackle these things. Now if we put another major arena in the same neighborhood, just a few blocks away, I'm not sure we can handle it. Brad brought up a number of things. Transportation is a huge thing. We get very congested down there on game days. Also, we would be going from about 70 events every year to over 200. One thing I hear a lot of people in the neighborhood say, we love the Giants, but we also love it when the season's over and we get a little bit of a break. We'd never get a break. We also have issues with just crime control. I know the police are great. In fact, the Giants couldn't say enough nice things about SFPD last night. They're great partners but that's a huge job. What happens if there's something at the arena and something at the baseball park on the same night? We worry about noise, other events that would happen there. We do have a lot of concerns. We do want a seat at the board as things go forward, which it looks like we might have, because we were frankly quite irritated that nobody ever reached out to us. They just came to our neighborhood and announced it, and it was a complete surprise. I ask you to please keep these issues in mind as you go forward with this.

Dave Hill - I'm the Vice President of the International Longshore and Warehouse Union Local 34. Our office is located right next to AT&T ballpark. I'm speaking today on behalf of the four ILWU locals that work the Port of San Francisco's cruise terminal operations, which in turn help support San Francisco's 8.6 billion-dollar a year tourist industry. As the city staff begins negotiations with the Warriors for the proposed arena at Piers 30-32, the ILWU ask that it be kept in mind, something that we feel has been lost in the media hype surrounding the Warriors arena. One of the most valuable maritime assets on the San Francisco waterfront are Piers 30 to 32, due to its natural deep draft on the eastern berth, which means there is no reason to dredge. That is the reason why the Navy now uses that pier and can accommodate cruise vessels up to 900 feet-plus in length. This past May there have been two days where tripleheaders have occurred, and we've worked the cruise ships at Piers 30 to 32. On these days, members from four ILWU locals work these vessels. We are very proud that the new Pier 27 cruise terminal is named after our esteemed past president, James R. Herman. Like you, Jimmy once sat on San Francisco's Port Commission. Jimmy used to fight like hell to protect valuable maritime assets. We urge you to have some of Jimmy's long-term vision. Put the cruise ship berth back into the discussion with the Warriors arena developer. We understand public access areas, convention facilities and etcetera are already included in the developer's plans. The ILWU urges you to keep maritime piers for maritime use. There is plenty of room for an arena and a cruise terminal if properly planned.

Marty Coressel - I am a resident at the Watermark, which is a building that is located on Seawall Lot 330 and was part of a trust swap. I echo what Katy has said as President of the Neighborhood Association for the Rincon Hill, South Beach, and Mission Bay area. If it wasn't for Port staff and some of the city staff,

some of us would have never known this project was going forward. This community in that specific area in South Beach has a longstanding relationship with the Port. We'd love to continue that, and as well with the city. Engaging the community is incredibly important. We have made improvements in that area. We have Adopt-A-Street programs that our community is engaged in. Our community just successfully in the last six months opened up a two-acre dog park on the corner of Beale and Bryant, and so we're continually interested in improving that area of the neighborhood, and I cannot think of a community that can demonstrate itself any stronger than by doing so as we have been doing through action. We ask simply, and I'm only speaking for myself here as a resident of the Watermark, to be involved as we can. This is a very complex issue, and it's going to take a long time to sort things out. Personally, I am for any development on Piers 30-32 that fit the waterfront guidelines that BDCD approves and rehabilitates the Pier. I agree that we need to rehabilitate the Piers, and we need to go to extraordinary lengths to do so at times, but we need to look and assess all factors. I thank you for your consideration.

Alice Rogers - I'm also here partially as part of the SB alphabet soup from the South Beach neighborhood, and would like to second and third what Katy and Marty have just said. I understand that there is some discussion about some sort of a CAC being organized, including neighborhood groups, and I would really encourage you to make sure that that happens. We need some strong standing during these negotiations.

I'm very sad that this resolution has passed for sole negotiation rights. We'd really like to discuss a few other opportunities. We do want to be at the table, and we need some new thinking on how we negotiate quality of life issues. Although we have a really good relationship with the Giants, it's very clear that the city can't maintain the quality of life in the neighborhood, and it's something that private developers can walk away from. We need to think about that differently, so please help us.

Catharine Hooper - I am wearing my maritime hat, as I have for years and years, starting with the first iteration of trying to develop the passenger terminal at Piers 30-32. I too was surprised when I read in the paper that the Warriors had swooped in. But knowing how we work in the city and county of San Francisco, I feel very confident that going forward, all of the review processes that we will do through our 24 monitoring agencies will ensure that the right thing is done for the citizens. I would like to reiterate a couple of things. Number one, one of the key and primary missions of the San Francisco Port Commission is to protect and promote maritime commerce. Clearly one of our greatest sources of commerce in this Port is the passenger cruise industry, and as you all are aware, we now are blessed that Princess Cruises is going to be bringing a ship year round to this Port, which we have been trying to get this done for many years. More and more we're seeing double and tripleheaders in this Port, and we've been able to cope thanks to Monique's very talented, creative staff, but it's not always going to be that way. We need Pier 30-32, the face of that pier, for a lot of operational considerations but a deep draft is critical, and space, and force protection security are very important to that option. I also am wearing a citizen's hat to talk

about Fleet Week. Fleet Week takes place once a year. It's the 31st year that we're doing it. It is a self-sustaining event that is very important to this city if for no other reason than financially. Our studies have shown that day-trippers that come into the Port of San Francisco for Fleet Week spend on average \$109 per person. Float that number out to the approximately 1.5 million people a day that come into the Port of San Francisco and you see that it's a huge influx of revenue that comes in thanks to Fleet Week, which is a city and county of San Francisco event. It's critical to Fleet Week that we have berths. Our Port has seven and a half miles of waterfront. We have 39 piers. How many piers can accommodate ships these days? Not a lot. How many piers can accommodate navy vessels? Even less. Taking away the option of putting a big deck aircraft carrier on the face of Piers 30-32 will impact Fleet Week. For those of you who live here or don't live here that come in for Fleet Week, you know it's an extraordinary event that's become even more extraordinary thanks to General Myatt. Without the face of Piers 30-32, the Fleet Week Association, are compromised on how we can raise funds to put on Fleet Week, and we're compromised by being able to confidently go back to the admiral of the Third Fleet and say yes we can accommodate ships in this port. You will see me again, and I'll try to make it fun and happy, but the message will never change. We have got to retain and always think about the mission of the Port Commission to protect and promote maritime industry.

Patric Kim - I'm the Secretary/Treasurer of the ILWU Local 75. We're the gatemen and watchmen's Union. I've spoken before here. Our guards and watchmen work at the cruise terminals. We're here early on in the process to ask the city and the Warriors to be creative and find a way to include the cruise berth in their arena project. The arena and the cruise ship berth can co-exist at Piers 30-32. The cruise berth can actually enhance the arena project. Even after the new Pier 27 James R. Herman Cruise Terminal is built, this Port will still need a fourth cruise berth for transit calls and future growth in San Francisco's cruise business. San Francisco's cruise business has boomed since 2010. I'm also a dispatcher, so I know how many people we actually dispatch to these terminals and how many passengers come in. In 2012, we'll get 66 cruise ship calls. This increases over 60% in two years. The passenger count increases by 78%; in 2012, over 200,000 passengers. Pier 35 is not a modern terminal. Even though the repairs have been done, with time, more repairs will be needed, and it needs to be dredged annually. Looking ten years out, you need a backup in case there's a problem at Pier 35 with the landside or with dredging. I read in your staff report under proposed project description that the proposed project will include maritime access, particularly along the north and east berths of Pier 30-32 but that's pretty vague and I don't know what that means. We hope it means meaningful maritime activities like cruise ship operations that generate substantial jobs for our members. I want to distribute copies of a letter sent recently to Ms. Jennifer Matz of the Mayor's Office from our Local 10's ILWU president, Mike Villeggiante on our behalf, requesting that the cruise berth be included in the arena design, and your staff has received copies. We look forward to being part of this public process, even though it will mean me going back to city hall and sitting through long hearings on those benches.

Commissioner Lazarus - Do you have any idea when we might expect an ENA to come back to the Commission?

Brad Benson - I believe either at the July or August meeting is when I would expect that to occur. The Warriors have hired local representation that's pretty familiar with the city's process. Strada is a group that is representing them, and they're participating on other development projects, particularly Pier 70, so they know about the ENA process, and it should be a quick negotiation. We're mainly looking to set the milestones for the project and make sure that the city costs during the negotiation are covered.

Commissioner Katz - I know plans haven't been formalized, but there was reference made to maritime usage. Do you have a sense of what that might look like, and could you address the concerns about the backup sort of cruise ship terminal?

Brad Benson - I know that city staff have discussed with representatives of the Warriors the potential for the cruise use that you heard about today on the east face of Piers 30-32. Other concepts have been discussed about ferry access and that's been very successful with the ballpark and recreational access, the ability for people to bring their boats to the arena and be able to dock alongside it. It's so early in the project design stage that I think the Warriors are taking in all of these suggestions, and trying to understand all the plans and policies that govern the site. I would expect that they're not going to have a firm project description probably until the fall, as they go through this process of understanding the law and policies surrounding the site.

Commissioner Katz - Is it possible that perhaps staff could look into the impact of whether having a cruise ship terminal there or not. And if so, that may be something we'd want to be able to include in the negotiations and be aware of. Some concerns were raised by people in the area, and it is my understanding that there's going to be a citizens advisory committee formed to work and meet regularly.

Brad Benson - I understand that idea is under discussion. Certainly we have in the Waterfront Land Use Plan a policy of forming a citizens advisory committee to preview the development proposals and look into them in detail before they come back to the Commission. I don't know the exact form that will take, but I do know that at the vote today at the Board of Supervisors, Board members also emphasized the importance of the public outreach strategy, and how to make sure that the neighborhood and other waterfront constituents are heard through this process.

Commissioner Katz - We'd want to echo those same sentiments as well.

Monique Moyer - I would just mention that we formed our very first CAC in 1913, and we've had CACs continuously ever since, so I can imagine that will be the case here.

Commissioner Katz - In legal parlance, this was sort of what was called a leading question actually.

ACTION: Commissioner Lazarus moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 12-50 was adopted.

B. Informational presentation regarding the National Park Service selection process for a proposed embarkation site for ferry service between the northern San Francisco waterfront and Alcatraz Island.

John Doll, Planning and Development - This is only an information presentation. There is no Port action. This is a heads up as to what's going to be coming down in the next few months, years. The National Park Service recently approached the Port regarding their intention to start a site selection process and then an operator selection process for Alcatraz Island ferry service. Frank Dean from the National Park Service will present an overview of these processes.

As noted in the staff report in terms of sites, NPS is looking at Fort Mason as well as Port sites. The Port sites have been identified as Piers 31½, Pier 41, and Pier 45. Since 2005, NPS has operated out of Pier 31½. Their prior selection process selected an operator, Hornblower, who had an existing lease with the Port. Hornblower's lease with the Port will expire in 2014. Their operator agreement with NPS is slated for expiration in 2016.

Under this new proposed selection process, instead of choosing an operator who has site control, NPS is looking for a long-term site control either at the Port or at Fort Mason, and then choose an operator. This enables NPS to have a permanent site, but the operator may change since federal regulations require only a ten-year operating lease. As noted in the staff report, Port staff prefers NPS to consider Port sites in the northern waterfront, and that NPS intends to use the NEPA, the federal environmental review process, as a public process to select a new site, or a long-term site.

As NPS goes through their selection process, they will develop analyses of each potential site, and the Port has and will continue to provide information for the Port sites, and we will continue to have an ongoing dialog. The selection process starts this summer and is expected to be completed by the fall of 2014. At that point, if a Port site is selected, NPS would enter into negotiations for long-term site control. Near the end of this process, NPS would also initiate an operator selection process, which is a ten-year lease.

This is a head's up that NPS will start the site selection process this summer, and to alert you that once a site selection has been made by 2014, and if that

site is a Port site, there will be a number of Port Commission action items to be considered, including entering into exclusive negotiations, depending on what the site is selected, what the project description is. Depending on that, there could be a CEQA process in addition to the NEPA process. We'll have to see. We don't know what the project description for any of these sites are yet. They will be identified.

Finally, the site selection process and the operator's process are independent of one another. This means that let's say they pick Pier 31½ where Hornblower is now, that doesn't guarantee that Hornblower's going to be the operator. You can have a situation where it's at Pier 31½ but you could have another operator, likewise at Pier 41, Pier 45.

In summary, Port staff will continue to work with NPS so that an informed site selection decision is made. Port staff's goal is to try to retain the Alcatraz landing site to be on the northern waterfront and it to be within Port property. When additional information becomes available, we'll come back to you and provide you with an update. We made a mistake in one of the exhibits. Amy has provided you a revised exhibit for Piers 31½.

Frank Dean - Thank you for having us today, and I'm interested to share with you our thoughts. John gave a good summation of it. In the interest of time, I'd like to reinforce some of his points. We're in the very early stages of this process. It's what we call the scoping stage, where we're just trying to gather information, and then subsequently we would develop alternatives, and then come back in the draft plan stage for public comment. We're open to comments during this period of time as well, to any and all ideas. We'll have a second chance to hear from the public, and that would shape the final plan and decision.

Our objective in all this is that we'd like a long-term home for the Alcatraz Pier. As you see in the image, we're open to where that might be but we believe, given the premier destination that Alcatraz has become, we would like to have a long-term home for the embarkation Pier and then have ferry operators that would service out of that Pier, whenever one is selected. The idea is that with a million and a half visitors a year, it's one of the premier destinations for tourists and locals alike, and it's an important destination for the local economy.

During this process we'll be looking at expanding ferry service potentially to Fort Baker and Sausalito, and we're just exploring and analyzing the potential for that. We have no immediate plans to do that, unlike the Alcatraz decisions which John outlined, which are more immediate.

Why are we doing this? We're looking for a stable location that provides certainty for the park visitors, neighbors, and local businesses, and also allows a long-term investment for that site to create what we would like to see as sort of a welcome -- a National Park Service quality sense of arrival and experience for people arriving at the dock. We think that this approach is good for the city and the National Park Service.

We're also looking at providing at the same time not just the dock, but also quality, identifiable, and welcome orientation facilities to Alcatraz Island and the National Park Service sites in the Bay Area as a whole. We also obviously are looking at the financial stewardship aspects of this, the amount of capital and operational cost that are needed to make this work. We have significant needs on Alcatraz Island given the decaying infrastructure. So the balance for us is, despite the income we generate through the ferry contract and the sales on the island, there's investment that would be needed for the San Francisco's Port facility or Fort Mason Pier, but also on the Island itself. We're trying to juggle the various commitments and responsibilities that we have.

As John said, the Port's objective and goal is to retain Alcatraz ferry service at the Port facilities, and we're very open to that. The NPS is also required by law to carefully consider all sites that make the best overall choice given all factors, including financial feasibility, for these. I will also note that almost all the pier sites, whether they're on federal land or Port land, require substantial investment. The Parks Service, due to federal funding limitations that you probably read about in the news and the federal budget situation, and also the \$50 million that we have in backlog maintenance on the Island itself, will not be able to fund this alone. Hopefully we can work together with the city and the Port in a partnership, given the importance of Alcatraz as a destination. As John said, selection of the site is not related to selection of the Ferry operator.

This is just a conceptual drawing of what we would like to see, all the ingredients that you would have at an embarkation center or at a pier. There's operational space, the interpretive aspects. There's retail. There's bathrooms, sense of arrival, the gathering space, the lineup, and then of course the boat and dock itself. This could be at any of these sites.

With regards to the schedule, you'll see that the scoping stage is the third item. That's what we're in now through the month of June and July. We have some public meetings scheduled on June 26, 2012 at Fort Mason, and again another one June 28, 2012 at Sausalito City Hall. About a year out from now we will be coming back in the fall with the draft plan and alternatives for all of us to consider and to hear from you all. As you'll see, the bottom line there is the separate process for the actual ferry contractor selection.

We are very open to selection of the sites, and we hope that the Port is as well, because we do like to consider this a partnership going forward, and making the best choice for Alcatraz, the visitors, and the city of San Francisco.

Taylor Stafford – On behalf of Pier 39, I wanted to reinforce how important Alcatraz is for Fisherman's Wharf, and the historic ferry service really needs to stay on Port property. In spite of the fact that one of our affiliates, Blue and Gold Fleet, has a site at risk in this process, we very much support keeping it on Port property irrespective of that.

Monique Moyer - I'd like to introduce Taylor as the new head of the Pier 39 organization, taking over for Bob Macintosh.

Kimberly Brandon - Congratulations.

Veronica Sanchez, speaking on behalf of Marina Secchitano, who's in negotiations right now and could not attend the meeting - I just wanted to bring up a couple issues that maybe are areas of inquiries for the Commission in terms of current situation for the Alcatraz operation that is operating at Alcatraz landing at Pier 31½ by Hornblower. Certainly as members of the public, we would be very interested in finding out if the Port staff could provide an update on where Hornblower or Alcatraz Cruises is with the CEQA process for the current facility. According to the current contract they have with the National Park Service, they were supposed to have a landing built in 2008. Our information is that they have not completed even the CEQA process. This has certainly been a subject of great congressional interest. It would be helpful to get an update on where they are in the CEQA process this year. We are in 2012, almost to the end of this contract. It would be helpful to have some responses to the status of the Pier 31½ substructure. It's mentioned in the staff report that it's currently tagged green. The substructure is tagged green, so there are limits to the trucks that can go in and out, particularly fueling. That is a very serious situation, whether there's any progress with addressing that issue. Lastly, we would ask that a status report be provided to the Commission about the substructure repairs work at Pier 31½ where Hornblower is supposed to complete these repairs by the end of this year to qualify for a substantial amount of rent credits that the Port is allocating for that work and that project. We want to find out if that project is on track to be completed, because obviously, cars are parked there every day, and it's of great concern to the public. On behalf of Ms. Secchitano, we wanted to put these questions forward with the hope that the Commission could work with staff to get some progress reports on this.

Commissioner Lazarus - It appears that current leases on some of these sites will expire during the process of completing the EIS and assumedly before any negotiations are complete. What are the expectations for juggling some of those leases potentially in the meantime?

John Doll - I'm not entirely sure how that's going to work out. The operator lease expires in 2016. The lease that Hornblower has with the Port expires in 2014.

Commissioner Lazarus - I think there are other leases on the other sites that expire in 2013, 2014.

John Doll - Correct, I'm not sure how it's going to be handled offhand, but when it comes up, we'll have to handle it as need be, as we go through the site selection process.

Kimberly Brandon - I have the same question as Commissioner Lazarus, where we have leases that are due in 2013, 2014, 2015.

John Doll - It will be a juggling act, no doubt, and we'll work with the Real Estate Division of the Port to figure out a strategy depending on which sites seems to be the most likely as we go through the process.

Kimberly Brandon - So will we know that in 2013?

John Doyle - We might; we might not. We'll see.

Monique Moyer - I think Superintendent Dean wanted to say something, but I would just add for the record that all three of the operators that we've discussed, Blue and Gold, Red and White, and Hornblower have other excursion services. As a case in point, Blue and Gold has maintained a very robust operation at Pier 41. That's something that the Port will consider independent of the NPS process, but we're very interested in the NPS process.

Frank Dean - I was just going to say as well that I know that the dates don't exactly sync up with our process, but they're close. Assuming that this is an approach that the Port and the city endorses and believes is a long-term solution, perhaps there can be a short-term extension or some kind of maneuvering that we could do. Be nimble so that we can jointly make this decision and then everything can fall into place wherever we might land.

Commissioner Katz - I think we've gotten rather good at juggling with our tenants out of necessity. I imagine I speak for my colleagues as well, that we certainly would love to keep the excursions on Port property. Port staff and all of us would like to work with you should you so select one of the sites to make sure that happens. I just think it makes a lot of sense.

Kimberly Brandon - I totally agree with Commissioner Katz. I really appreciate you coming to us now, in the beginning of the process, so that we can try to figure out how to work the process so it's fair and equitable for everyone. Of course, we would love for you to stay on Port property, since it's worked so well all these years. Because we have these leases to consider, but yet Fort Mason doesn't have any leases on their piers, it seems like that's a little bit of a benefit to them, not us, in the process. I think there does need to be some type of clarity of what we're going to do with our existing leases throughout this process, because these are Port tenants who have been very good tenants. It's something that we need to consider prior to 2013 and 2014.

Frank Dean - Even though Fort Mason doesn't have a ferry operator there, there are people operating out of Pier 3 and the other buildings, at least two of them. There's not an unoccupied space anywhere in this game, so we've got to figure it all out, and again, look forward to working with you on that.

9. REAL ESTATE

- A. Request approval of Memorandum of Understanding No. M-15137 between the Port and the San Francisco Police Department, to station the San Francisco



Police Department Marine Unit at the Hyde Street Harbor for a term of 60 months. (Resolution No. 12-51)

Jay Edwards, Senior Property Manager - I'm here to request your approval for the MOU No. 15137 between the Port of San Francisco and the San Francisco Police Department. As way of background, the San Francisco Marine Unit has been located at Hyde Street Harbor since 2003. They were out there in what was known as the Blue Shed Building, and they also have several berths in the Hyde Street Harbor as well.

Approximately two and a half years ago, the Blue Shed Building was deemed to be in severe disrepair and needed to be replaced. An extensive study was undertaken on behalf of a new replacement facility for not only the Marine Unit, but our harbor office located at Hyde Street Harbor, and this has public facilities as well.

That was undertaken by Wendy Proctor and Alan Gin; they're the project managers. As part of that, the goal was to provide a new facility to replace the current facility and the problem was the financing. To secure this financing to undertake this new structure, the Marine Unit was an essential piece of this. Through a Homeland Security grant of approximately \$1.8 million, we were able to secure the construction, which the Port Commission approved approximately a year ago, for the new Joint Operation Security building, the JOS building. This was an essential piece of getting this building constructed.

The Blue Shed Building was located there. This is an example of what's contained in the Marine Unit. They are going to occupy roughly half of the facility. The contractor was Roebuck, and the project was started a year ago, and we're very happy to report that the project was not only completed on time, but within budget. Kudos to Ms. Proctor and Mr. Gin for a job well done.

Through Sidonie Sansom and Kim Tashian's efforts, the grant was secured, and now we have completed the building. We respectfully request Commission's approval of the MOU between the Port and the SFPD. The Marine Unit will occupy approximately half of the building.

By approval of this MOU, there are significant public benefits to the Port as well as the community. This would enable the construction and completion of the \$2 million asset that will far exceed the proposed five-year term. We have improved public safety and response time to waterfront incidents, a full-time monitoring and regulatory agency directly on Port property, better coordination of Port's maritime, real estate, homeland security, and maintenance activities, protection of valuable Port assets along the waterfront, and also assistance in all the special events - the 4th of July, the Fleet Week, the ongoing operations of the Port and also a new harbor office with public amenities and public access improvements, and finally to enhance and foster the longstanding relationship the Port has had with the San Francisco Police Department. I kindly ask your

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approval for the terms as proposed in the MOU, and to proceed ahead with the finalizing of this agreement. Thank you.

ACTION: Commissioner Lazarus moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 12-51 was adopted.

B. Informational presentation on the proposed Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates.

Jeffrey Bauer, Port's Leasing Manager - I'm here to give you an informational presentation, no action required, on the 2012/2013 rental rate schedule. In 1993, this Commission delegated the authority to the executive director to negotiate leases, licenses, and MOUs, if those documents met certain business parameters, such as that rental rates would be consistent with the rental rate schedules approved by the Commission. The new tenant would sign a boilerplate lease. Port staff provides this Commission with a monthly report of that activity.

In the first quarter of 2012, the office market has continued to improve. Asking rents have strengthened. They're on track to improve through 2012. Demand for the waterfront has increased steadily in the last quarter. Over the last 12 months, Port staff have executed 70 agreements worth \$5 million annualized to the Port. This compares to 78 last year for an annualized increase of 3.2%, so a few less leases but we did quite large leases.

The current vacancy rate for office at the Port is 10.1%, somewhat lower than the city's average vacancy rate, which is 11%. Regarding warehouse and industrial market, the city's industrial market vacancy rate stood at 8.75% for the first quarter. The Port's vacancy rate for warehouse and industrial is 5%. The Port's combined office and warehouse average is 3.2%.

Following a review of the commercially available data and our recent leasing activity, we are proposing to make certain changes in the monthly schedule. Some of the highlights are increasing the office rates at 401 Terry Francois, Pier 26 and Pier 28 bulkhead, increasing the warehouse and land rates, and increasing the floor covering allowance credit that we may offer a tenant from \$3.50 to \$5.00 a square foot. The Port has contracted with a consulting firm, as we typically do, to review our results, and that's underway at this time. We anticipate it will be completed in July.

We're experiencing quite a high vacancy rate in parking; however, this is somewhat attributed to the fact that we've added 97 spaces. Our revenue to date is \$478,000, which is up \$87,000 over the same period last year. We are proposing to make no changes in our monthly parking rates. Filming and special events, we would request the fee waiver for Fleet Week and Madonna del Lume,

approval for the terms as proposed in the MOU, and to proceed ahead with the finalizing of this agreement. Thank you.

ACTION: Commissioner Lazarus moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 12-51 was adopted.

B. Informational presentation on the proposed Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates.

Jeffrey Bauer, Port's Leasing Manager - I'm here to give you an informational presentation, no action required, on the 2012/2013 rental rate schedule. In 1993, this Commission delegated the authority to the executive director to negotiate leases, licenses, and MOUs, if those documents met certain business parameters, such as that rental rates would be consistent with the rental rate schedules approved by the Commission. The new tenant would sign a boilerplate lease. Port staff provides this Commission with a monthly report of that activity.

In the first quarter of 2012, the office market has continued to improve. Asking rents have strengthened. They're on track to improve through 2012. Demand for the waterfront has increased steadily in the last quarter. Over the last 12 months, Port staff have executed 70 agreements worth \$5 million annualized to the Port. This compares to 78 last year for an annualized increase of 3.2%, so a few less leases but we did quite large leases.

The current vacancy rate for office at the Port is 10.1%, somewhat lower than the city's average vacancy rate, which is 11%. Regarding warehouse and industrial market, the city's industrial market vacancy rate stood at 8.75% for the first quarter. The Port's vacancy rate for warehouse and industrial is 5%. The Port's combined office and warehouse average is 3.2%.

Following a review of the commercially available data and our recent leasing activity, we are proposing to make certain changes in the monthly schedule. Some of the highlights are increasing the office rates at 401 Terry Francois, Pier 26 and Pier 28 bulkhead, increasing the warehouse and land rates, and increasing the floor covering allowance credit that we may offer a tenant from \$3.50 to \$5.00 a square foot. The Port has contracted with a consulting firm, as we typically do, to review our results, and that's underway at this time. We anticipate it will be completed in July.

We're experiencing quite a high vacancy rate in parking; however, this is somewhat attributed to the fact that we've added 97 spaces. Our revenue to date is \$478,000, which is up \$87,000 over the same period last year. We are proposing to make no changes in our monthly parking rates. Filming and special events, we would request the fee waiver for Fleet Week and Madonna del Lume,

and propose fee reductions at the same rate for the fishing gear swap meet and Delancey Street lot sales at Pier 30-32.

Commissioner Brandon – Where is the monthly report that's supposed to come to the Commission? I have not seen that in a long time. Hopefully we can get back on track of sending it to us on a monthly basis.

Commissioner Katz - On the last page of Exhibit F, under the vacancy rates, there are some that seem to have extraordinarily high vacancy rates, and I was wondering what the difference is between others that have virtually no vacancy, for example, the 501 Cesar Chavez, the Ag Building, Pier 35, 26 and 28.

Jeffrey Bauer - 501 Cesar Chavez was formerly occupied by HBO for the production of a movie, Hemingway & Gellhorn, and that was about a 12-month run of pretty high occupancy. We are actually in the pipeline. We have another movie coming down that will take a large portion. It's actually a Woody Allen movie, so his production company will be taking a substantial portion of that.

The Agriculture Building, we're in the beginning stages of negotiations with a fortune 50 tenant to potentially take over the whole Ag Building and develop it. We've kind of put leasing not on hold, but we're offering minimal terms, maybe 12 months or month-to-month, because we don't want to have to pay someone to leave.

Piers 26-28, we had a bit of a change with the America's Cup. At first we thought that those facilities were going to be included so we stopped leasing, and some of the tenants were nervous and proactively moved out. The office at Pier 35, that's a tough one. It's a very nice office. It's triple net, which may be part of the issue. That will add probably another dollar to the monthly per square footage but we have a number of leases in the pipeline that I will report back in July. We've had a little bit of a growth spurt, if you will..

Commissioner Katz - I think you've addressed the other questions I'd had reading through the material but in the office market statistics, my understanding is rents have been rising rapidly of late. Do these figures account for that increase, or is this just the existing tenancies?

Jeffrey Bauer - They do account for that. That's through the first quarter. One issue I would point out is those are office rates, and typically private landlords are able to offer Tenant Improvement credits, which are not shown. If you would look at the net effective, which backs that out, they're not quite as high.

Commissioner Brandon – We look forward to your report in July.

10. FINANCE & ADMINISTRATION

- A. Informational presentation regarding the dissolution of the San Francisco Redevelopment Agency as it relates to Port property in the South Beach area,

recommended budget changes and consideration of a proposal to increase berth rates to reduce the operating deficit of the South Beach Harbor adjacent to Pier 40.

Peter Dailey, Deputy Director of Maritime - South Beach Marina and South Beach Harbor area is a beautiful part of San Francisco. The harbor itself is a full service marina consisting of 700 slips, concrete docks, a 640-foot recreational and commercial guest dock. It has the Pier 40 shed, Maritime Center, and South Beach Park. South Beach Harbor is located, between Pier 40 and AT&T ballpark, on the Embarcadero, a spectacular location, the Bay Area's premier destination marina. There are 700 slips. It's home to the South Beach Yacht Club, whose members are very involved in a number of programs, including sailboat racing, extensive youth sailing and education program, a very active yacht club.

South Beach is also home to the Bay Area Association of Disabled Sailors (BAADS). It's an all-volunteer, non-profit, charitable organization whose mission is to provide access to sailing for all persons with disabilities, their families and friends, and others interested in San Francisco Bay Area. BAADS is a wonderful program. The Redevelopment Commission who had authority over this marina in the past had supported free berthing to BAADS, and the Port staff wholeheartedly supports a continuation of this practice by the Port Commission.

South Beach Harbor was built in 1986 by the San Francisco Redevelopment Agency on property leased from the Port. It was financed through \$24 million in revenue bonds and \$8 million in California Department of Boating and Waterways loan. There was a subsequent \$10 million improvement program that included construction of the harbor building, a new commercial guest dock, expansion of the park, completion of the promenade, disabled access throughout the harbor, and other facilities for disabled and youth sailing programs that was completed in 2006.

There was another Phase 2 improvement planned which would include structural repairs to the substructure at Pier 40, completion of another public access walkway on the south side of Pier 40, replacement of the south and west facades at Pier 40, as well as repairs, new restrooms for tenants and visitors. Most of these improvements are mandated by the Bay Conservation and Development Commission as a requisite of the permit to approve the construction of the harbor. These mandated improvements are due to be completed in 2017. The estimated cost for these improvements in 2004 was about \$6.2 million. We estimate now that this cost has exceeded \$10 million in today's dollars. There's a large capital outlay that's coming relatively soon.

The South Beach Harbor with 700 slips is fully occupied. That's the good news. It was built about 25 years ago. It's got a life of about 50 years, so it's about halfway through its useful life. It's home to BAADS, and it currently has about 200 parking places.

As you all know, the Governor and the Supreme Court ruling eventually closed down all the redevelopment agencies in California. The South Beach Harbor area was managed by the Redevelopment Agency, and then through Supervisor Malia Cohen's resolution, the city took back control of the Redevelopment Agency properties. Their transition plan was put together, and it was deemed that the Port should assume management control of the old redevelopment areas based at South Beach Harbor effective July 1, 2012.

What that means is that we are responsible, all fiscal and regulatory obligations and property management responsibility for the Port property. That includes a \$13.5 million debt that is still outstanding from the prior construction.

South Beach Harbor is about 25 years old. It's in good shape. It's been well taken care of. We'd like to continue to make sure it looks that way going forward. We think it's a jewel on the waterfront. Unfortunately there is no capital plan in place right now. It operates on a day-to-day basis. The Port, in planning forward, our capital planning and funding process needs to be identified so that capital improvements, in particular the BCDC requirement of about \$10 million, which is due in 10 years, needs to be funded.

The Port will take over the day-to-day management of the properties, which includes South Beach Harbor, Delancey Street, Steamboat Point, and Rincon Park. There are about 12 other tenants around the area including Carmen's and a few other spaces. The Port will take over management of the marina. We will retain the 8.6 full-time equivalent positions at South Beach Harbor, and the Maritime Division of the Port will manage them with help from all the other divisions, including our Maintenance Division.

I would like to introduce the harbormaster at South Beach, Jim Walter, who's done a terrific job down there, and wanted to say a few words to the Commission about this transition.

James Walter - I want to give you first a little background on me so you get to know where I came from and about me. I do have two college degrees, a bachelor's in double major political science and history, and I have a master's degree in international management, or business management. I've been in upper senior level management for well over 30 years. I've been harbormaster at South Beach since December 2007. Prior to that, I was marina manager at an 850-slip harbor. Prior to that, I was president and general manager of a 323-room hotel in Waikiki, Honolulu, Hawaii and I did that for nearly 20 years. Those two industries may sound different or not but they're almost identical. They're both pleasure industries. One's hospitality, one's recreational but there's a high degree of customer service. There's a high degree of maintenance, especially in appearance and functionality. They're both transient businesses, and it takes knowledge of specific regulations and laws that regulate those industries. I've been doing this for a long time.

4. The fourth part of the document discusses the implications of the findings and provides recommendations for future research. It highlights the areas that need further exploration and the potential applications of the study.

5. The fifth part of the document concludes the study, summarizing the key points and reiterating the importance of the research. It expresses the hope that the findings will be useful to the field and contribute to the advancement of knowledge.

6. The sixth part of the document provides a list of references, citing the works of other researchers in the field. It also includes a list of appendices, which contain additional information and data related to the study.

7. The seventh part of the document is a list of figures and tables, providing a visual representation of the data and results. It includes a list of captions, which describe the content of each figure and table.

South Beach Harbor as Peter mentioned is a 700-slip marina, pleasure craft harbor with two 600-foot guest docks that service larger vessels and charter use. The facility is distinguished by a couple things or more. It is a destination harbor, and in the nomenclature of the industry, that means a harbor that has attractions, activities, transportation, is located in a place people want to be, certainly that would practically be the heart of San Francisco. It has a variety of dining choices and entertainment, and it has a world-class sports venue, which is the only one I know of.

There are many things that attract people to the harbor, and the quality is also one of them. It's been a really well run marina before my time, and hopefully during my time it will continue to be. The staff has shrunk a little bit but is totally committed to maintaining the quality and the level of service and maintenance that we've done. The Port has joined with that, and I'm very pleased with that. All of this is proven in the demand on the Port. We have a waitlist for every single slip size. The waitlists range from over 8 years to over 12 years. There are 1,700 people on that waitlist. I don't think there's any harbor in northern California with that kind of demand or anywhere near it.

It's also a city attraction and I'm sure one you want to keep that way. However, the facility can't last at this level forever without some planning for the long-term. There needs to be a replacement schedule for the portions of a dock that do deteriorate. There are some wood elements to the dock, and so on. We need a capital improvements fund to do that. I was asked to put that together many years ago by my then and still current supervisor for a few more days, Amy Lee, who was the Deputy Director of the San Francisco Redevelopment Agency, and I did that when we began, and I worked with the engineer to do that.

When we saw the extent of long-term expense, it is a long-term process that can be done over a long period of time. Nevertheless, the size of the expense warranted figuring out how to garnish some additional revenues. She then asked me to do a rate survey, which I did. The results of my rate survey, in my opinion, show that we were under market, and therefore it needed to be looked at. At that point in time, redevelopment was a source of contention in the state legislature, and we were directed to stop all new ventures so we never got to the point where the Port now has to pick up the ball and go with it.

On behalf of the staff, I would like to comment how much we appreciate your willingness to take us all on board. We're committed to doing a good job. We will continue to do a good job.

Peter Dailey - The good news is we're getting the marina back. It's a beautiful facility. We're thrilled. We do manage our maritime assets well at the Port. We want to continue to do so. The facility will be set up separately from the rest of the operation. Jim and his crew have done a good job, and we want them to continue to have success, and set them up for success going forward.

The tough news has to do with the finances. The facility currently has about \$800,000 a year deficit in 2012 and 2013. Most of the revenue at the facility is

from berth rents, and it appeared we were concerned that on an operating basis the facility was in the red, and also concerned that there was no mechanism for the capital improvements, for the BCDC improvements, and for ongoing improvements as the facility ages going into the next decades to enhance these facilities.

If we know anything, we know that if you don't spend money on maintenance, you have deferred capital needs, and that's something we want to avoid with this facility. We want to keep it new and fresh and updated, but there's not a financial mechanism currently in place that we can see that would do that.

This transfer happened in February but we found out about it in March, that suddenly the facility is going to be under Port control. On top of the America's Cup, and the Warriors, and a lot of other things, we're suddenly taking over a 700-slip marina, which is great, and we're thrilled about it, but this is coming fast down the pipe for us as well.

Taking the lead of the Redevelopment Agency, who told us walking in the door that we should have raised rates a couple of years ago, but we didn't due to the flux of the Redevelopment Agency state-wide. The Port hired through the city's Real Estate Division the city-certified, state-certified, real estate appraisal company, David Tattersall & Company. He did a San Francisco Bay rate analysis to estimate the range of market rental values for marinas located in the Bay. Tattersall compared 12 marinas in four counties. The appraisal verified the redevelopment's 2010 opinion that rates were significantly below market. The appraisal concluded that South Beach Harbor is "one of San Francisco's premier harbors and is significantly underpriced." The details are in the commission packet.

The slide shows the white bar as the current South Beach Harbor rates. The red or orange bar is the South San Francisco Marina, post-construction rates. They are doing a renovation. Those rates are the new rates that were approved by their Park and Rec Board and the Board of Supervisors most recently. The green bar is the market high for like marinas in the Bay going forward.

We met last week with the South Beach Harbor community at the South Beach Harbor Yacht Club, and we appreciate their hospitality. A number of the members were surprised at this data, quite frankly, and they were concerned about the speed at which it was kind of coming to them as we were surprised with the speed that it was coming to us. The meeting was frank and open. It was a difficult message to send that the facility needed revenue enhancement to continue its beautiful operation and to fund our capital improvement.

This morning, Port staff met with the members of the tenants association, and had a vigorous dialog regarding opportunities for revenue enhancements, some good ideas that we hadn't thought of, and some other options that we want to explore. Port staff is setting up meetings with this tenants association for the next couple of weeks to continue this dialog going forward.

In the staff report, we recommended that we would come back to the Port Commission in July with firm recommendations on different rate scenarios that would help us offset the deficit and fund our capital plan. After conversations with the South Beach tenants, we think that that is a bit too ambitious, and would like to delay that for 30 days at a minimum and come back to the Commission in August with some firm recommendations of implementation of new rates in October of this year so we can start managing the facility in the black.

There are other issues related to better management of the parking asset. There are 200 parking slips across from AT&T Park. We think they can be better managed and provide better financial opportunity for the Port, and make sure the boaters have their own slips when they want to go boating.

We have a lot of scenarios we're looking forward to analyzing further. We have a good report from Tattersall. We are committed to working with the South Beach community in the next 60 days to come up with scenarios that we think make sense for the future of South Beach Marina.

Steve Lawrence - I'm a berth holder at South Beach. I'm going to talk about the elephant in the room that nobody's talking about which is that this place was designed to be below market rates. That's why I'm there. I waited seven years to get a berth. I got it three years ago. I waited seven years because it was below market. I understand the logic of the money isn't everything, but it was designed that way from the Redevelopment Agency way back when. That's why there's a 1,700-person list. You go to market rates and that list is gone. The net of it is, with the rates as have been suggested, I'll have to sell my boat or find a partner to help me pay for that, because even without looking at parking, it's a 78% increase over three years. I'm not a unique guy in the 700. I am typical.

Christine Olson - I'm here representing myself. I have owned a home in San Francisco for 25 years, and I've had a boat at South Beach Harbor for 25 years. I understand now it's being described as a premier destination harbor; well, it wasn't like that 25 years ago, believe me. It has changed tremendously. As the gentleman that you just heard said, it was designed for people with lower incomes to be able to afford this place. I've also belonged to South Beach Yacht Club for almost 25 years, and I have several concerns about the Tattersall report. The first thing is the short timeframe. I know that was addressed somewhat. Like so many of the other residents of the harbor, the first that I heard about this possible increase in slip rates, possible charge for parking and other possible costs added on, was last Thursday at a meeting that was held at South Beach. What I understood at that time was that they wanted to have a decision made in July and then implementation in October. Well I understand that's been pushed out a little bit, but still that's a very short timeframe for the people who are the holders of slips there. I also am concerned about what the exact criteria that Tattersall used to compare the charges for slip rentals, because certainly it's not a random sample, and certainly it's not comparable harbor. I would like that to be looked at again very carefully. Another thing in the

Tattersall report is parking abuses are listed. I don't know what those parking abuses are. When I asked about that at the meeting last Thursday, I was told a company has been hired to identify the abuses, but I understand the same parking company has been hired to correct the abuses, which seems like a real conflict of interest. Those are just a few of my concerns. Lastly, I would ask the commissioners to look at the people at South Beach, the people in the harbor, the people in the South Beach Yacht Club, and what they have contributed to that area. BAADS would be one example. Sailing program for young children that includes disadvantaged children would be another example. A lot of things have been contributed by volunteers.

Robert Olson – I am a 25-year homeowner in Balboa Terrace, west of Twin Peaks Central Council area and also a 25-year resident at the harbor, slip holder in a 30-foot slip, which is one of the smaller ones there. One of the things that I'm concerned about is, as mentioned previously, the very short time fuse that was given to notify us in the harbor. Last Monday, a week ago yesterday, is when we first heard that there was anything happening. The meeting that was going to present to us the summary of where we're going, what the rates are going to be, which are dramatic, dramatic increases, was three days later at the harbor. At that meeting, it was presented pretty much as a, this is the way it will be, rather than let's have a dialog on this between the harbor residents and the Port Authority. In looking further into it, the Tattersall survey has a two-page graphic that identifies the various harbors around the area. I did my own very brief survey, having a 30-foot slip, and actually questioned during the meeting as to what harbors are included in here. That information wasn't available. The comment was it will be available online in a day or so. Further probing, the question was is there anyone south of here included in there such as Oyster Point on down the bay? The comment was finally made -- no, there weren't. Looking at who was included in here, there are places along the harbor front here, as well as across the Bay, as well as up in Sausalito. For a San Francisco resident to go across the Bay is a bit of a hassle to get to the marina, to have to deal with the bridge. I took a look at what is happening down the Bay and what others are included. Based upon a 30-foot slip, the current rate is \$8.70 at South Beach. The proposals are, as it stands, going anywhere from, top end in a year and a half, to \$11.70 a foot on up to \$15.50 a foot. As I looked at other harbors, Fortman Marina over in Alameda includes parking. All of the harbors that I looked at include parking with it -- a 30-foot there is \$7.30 a foot, which is over a dollar less than what it is now at South Beach. I looked at Oyster Point Marina -- 30-foot slip again -- \$7.33 a foot, and that's including parking. Coyote Point Marina -- 32-foot slip is what they have; they don't have a 30 -- and that's \$6.72. Basically, the rates are not that much higher elsewhere around here. In fact, they're lower. They really should be included in the survey rather than a cherry-picked list.

Leslie Hennessy - I'm a boater in the South Beach Marina, and I'm now the new president of the Tenant Association. We're up to about 260 members of the 700 people in the harbor. We just heard about this literally 30 to 45 days ago, and of course we've got a lot of problems with your hearing the problems. Basically, the

California Department of Boating let \$8 million out to have this harbor done with another X amount of millions done by the San Francisco redevelopment, and those funds have never been finished. They were never finalized but the document clearly states that if Redevelopment does disband, that it has to give notification to Cal Boating. We don't even know if that's been done. We have major questions about the lawful transfer of the harbor to anyone. We also have problems with the timing, as you've heard, and most specifically rates. We just looked at the harbor ourselves and we saw a tremendous amount of low-hanging fruit that's not being used by the harbor. There are people coming in with cruise ships that are not paying anything. There are people coming in with cruise ships that are not charging for passengers, wherein Oakland you have a \$3 charge. It's a 38-foot I have to increase my rate by 42%. I ask you, if you belong to a health club or to a tennis club or a golf course or something like that, and all of a sudden, 45 days ago they tell you your rates are going up 42%, I think you'd have just as serious of a pause for contemplation of why, and where is it going. We've met with Peter. He's done a great job meeting with us. We really appreciate that. We're going to keep an ongoing rapport with him, and meeting every two weeks. He and I are on direct contact. We see eye-to-eye on a lot of things but we've got to keep in mind that there are a tremendous amount of working class people in the harbor. There are only two slips that have very wealthy people in them. The other 500 people barely make their rate right now. We talked to one of the gentleman who started our club, the South Beach Yacht Club. He told us that with his fixed income he will have to leave if there's this kind of an increase. This is a man who derives his fun and his enjoyment and his recreation, like we all do.

Paul Oliva - I am the Commodore, which is the CEO of South Beach Yacht Club, which is, as you've heard, a volunteer-run club. We have over 600 members once you count the Bay Area Association of Disabled Sailors, which is home at our club. I'm one of the berth license holders at the yacht harbor. I'm one of an estimated 5,000 to 10,000 people who use South Beach as the primary way that we get out and enjoy this Bay. I learned to sail on the bay through the sailing school at South Beach called Spinnaker Sailing. I then became an instructor and have taught sailing out of South Beach. I have bought my boat and put it at South Beach. I launched my San Francisco Chronicle column writing from the deck of my boat at South Beach. It's the center of, and my principal choice, for recreation. I really don't do a lot of other things other than boating. As has been pointed out, the majority of boaters that I know are of modest means, or are retired or on a fixed income. I afford my boat by having a partnership with two other individuals. We pay extra taxes to the city not only for the proprietary interest in the boat, but also for the slip, a possessory interest fee on the slip and we also fund the California Department of Boating and Waterways through extra fees, and we also support local businesses through the amount of time that we spend down in the area. Second, boating is a regional activity at South Beach. At least half of our members come from outside of San Francisco. In terms of our race activities, probably three-quarters of the folks who come to the club are from outside San Francisco. As far as parking, boating generally requires gear. It requires foul weather gear. It requires wet suits if you're in small boats, life vests,

fuel, heavy lines, sails, things like that that generally require on some regular basis cars or trucks. Our policy and the policy of the city and the BCDC is to increase access for individuals to get out on the Bay, and that's a healthy and good thing for us to be doing. We as a club will be working with the Port and the Tenant's Association on ways to identify how it's possible in the least -- and sort of in the best way and in the least impactful way -- to reach the \$1 million operating shortfall that's been identified. For you as commissioners, my request would be slip pricing should be emphasizing affordability to the fullest extent possible, and diverse access. Parking pricing and policy should not create disincentives to regular boating. A per day fee tends to disproportionately hurt folks who are coming and boating regularly. Look at that 1,700-person waiting list as less an opportunity to maximize rents and more an opportunity to create perhaps another boat harbor in San Francisco.

Lawrence Weinhoff - I'd like to thank the Commission for letting me speak. I'd like to just primarily address the David Tattersall appraisal. I'm probably in a unique position in that I've been a consultant to both the appraisal industry, to public marinas, and I am a long-tenant at South Beach Harbor. I've gotten, through the Freedom of Information Act, a copy of the small craft harbor construction loan and operating contract that was entered into. As part of the contract, under special provisions, there is a clause, as there is for all boating and waterway loans, that the agency shall review berthing charges of public and privately owned boating facilities in the general area of the project serving the same boating public, and shall then set rates at levels sufficient to produce gross income after payment of operating expenses and payments on the bonds and other evidence of indebtedness described in other sections. We heard the harbor master talk about under market rates, but by contract, all the public marinas that have loans from the Department of Boating are required by contract to do the survey at minimum of once a year, and set their rates to in essence balance the budget. I would suggest that although they may be under market rate, that they've been raised sufficiently every year, or there's been some problem in the past with the contract. Regarding David Tattersall's report, and I'd like it certainly on the record that he's an excellent appraiser with an excellent reputation when it comes to real estate appraisals, I would suggest this is probably his first appraisal of slip rental fees. I would suggest there are very many unique properties in determining what market rate rental fees would be for slips that would differ from ordinary real estate, and I would liken it possibly to if the Commission wanted rents for apartments, if they were saying they only looked at the Millennium Towers for the neighborhood. I have a survey done by another public marina within 12 miles of South Beach that lists the current rents, which is about a month and a half old, for 40 marinas, 15 of which are public marinas. One of the reasons I find Mr. Tattersall's report flawed is that in his analysis statement he says slip rental rates should reflect the highest rates in the Bay Area for public marinas. In fact only two of his marinas that he's considering are public marinas. The rest are boutique marinas that are privately held. If you look at the chart, you would see that the only marina in the greater Bay Area that has a higher fee that is public is indeed Santa Cruz Harbor.

John Mastery - I am a tenant of the harbor. I am a resident of San Francisco. I'm part of the Yacht Club, and I'm also part of the advocacy group that's represented here today. A lot of things have been touched on. I think one of the keys to look at is how quickly everything was done in terms of moving this forward, a very short time frame. There's a lot of questions about the appraisal, and there's a lot of questions about the whole thing. What can solve a lot of that is time if we're given enough time. I want to thank Peter and Jim and Amy for their help this morning in reaching agreement that more time was needed to get some fact finding done. I just want to bring to light the fact that the harbor is sort of the lynchpin of that whole neighborhood. I'm sure you're all aware of that. There's a lot of low income housing, a lot of wonderful things in terms of junior sailing, in terms of BAADS. There's a whole cohesiveness about the area that we're sensitive to losing. I've been there for 25 years. I was the third boat at the harbor, and I've seen it grow. I've seen it when there wasn't a ballpark there. I've seen it grow to having a ballpark, and the whole area growing. Now it's turned into a wonderful thing. My sensitivity lies that it just remains that, and doesn't just spin off into something that loses the essence of what it was built for.

Kerry Beck - I'm probably the most recent person to move into the harbor. I started renting a slip in May, and put a boat in it in June, and then was informed that the rent for the 30-foot slip that I waited eight years for would be increased by 54% in the next couple of months. I don't have as much knowledge and experience to speak about it, but all these people have covered that end of it very well. For new people who did their time on the list, there's something to be considered there, and not let that time be kind of undercut or be purchased by somebody who can afford the slip better than me. That would knock me right back out of the harbor after eight years of waiting.

Norman Pearce - I'm a partner in a boat in South Beach Harbor. I've been involved with South Beach and that area, and various CACs for the last 25 years. With a bit of relief, I'm happy that we ended up at the Port rather than at the Park and Rec, and wreck the park. The Port has a lot better understanding of maritime uses, and that you are probably a more sensitive ear to our concerns as harbor tenants, and the need to maintain a proper public marina, which South Beach is. This marina was developed by the Redevelopment Agency for an enhancement to help build the neighborhood down there. Part of that neighborhood is having public, normal, working people the ability to have access to the water. When you start raising rates in harbors, a couple things happen. The people that are the workaday people that own boats, that can afford today's rates, are kicked out. The people that don't care what they pay for a little slip, a pied-a-mer next to the ballpark, move in. You have a marina that now is only there with part-time tenants living on their boats on weekends when there are baseball games, and the rest of the time it's empty. They pay and they pay, and it makes it rough on everybody else. There is a whole lot of time spent on making this place alive and a vital place for the citizens of San Francisco. This was built by redeveloped money, taxes from San Franciscans, for the citizens, not for somebody living in Spain, living in New York, living in L.A. that wants to come to a baseball game every other month and have a boat there. It will fill up

with that. There's a lot of money left over from Redevelopment Agency regarding this particular environment. I worked on the CAC. They take money from the ballpark and tax increment, and they put it all on low-cost housing rather than paying off their bonds and improving the Harbor. I think that was a shame. I think it was unfair but nobody addressed that. We've got to speak up. We have a tenants group now that can speak up to that. We have a great opportunity at Pier 40 for some short-term legacy events with the America's Cup coming. We have a beautiful pier there that only needs \$5 to \$6 million to fix it. I know, because I work in this industry currently with America's Cup people looking for places to be, they're willing to move in there and do a short-term, two to three-year lease, and they're willing to pay. If you would open your eyes to that aspect, you would not have to raise one penny of rent to any of our tenants, because we have money and gold sitting there on that dock.

Martin Fay - Like many of us here, I'm a member of South Beach Yacht Club. I have been a member for about 20 years, and I've been blessed to have a boat in South Beach Harbor since 1988. I don't live in the harbor, but I live in South Beach, and a lot of my life, every day, is in that harbor. A lot of my own recreation and a lot of my forward looking life plans, and my new son, and being a sailor in the future, are also there. I work at South Beach Marina Apartments, where I am one of the property managers. For 10 years I sat on the Citizens Advisory Committee for South Beach Rincon Point. And during those years, we all deliberated on a lot of neighborhood issues. I'm privy to know that the harbor was in fact a development point for the rest of the neighborhood. It was intended, I believe to bring the persons of the immediate area to the waterfront. I concur with Mr. Pearce that if we raise these rents to such extent, that me and other persons who might be able to just nominally afford this wonderful recreational opportunity, we have to move, other people come in and pay these much higher prices, we're going to have a much different social circumstance in that harbor. The Yacht Club has worked for years to develop a social atmosphere that serves the neighborhood. I haven't sat on any committee since 1999. I was given a very nice plaque for my service, and I'm sorry to say that I don't know so many of the issues that we're all currently involved in, but I feel very strongly about my neighborhood, and I feel very strongly about our privileges in the harbor. Certainly we all agree that things need to change. I hope they can change reasonably to serve the interests of the public, citizens of San Francisco, and we won't be left out of the deal.

Commissioner Katz - You have alluded to this, and certainly appreciate your comments earlier about the productive meetings with people earlier today. You know, as I was looking through the material, a few things jumped out at me, and I should say in full disclosure on a couple points. I went sailing out of the South Beach Harbor not too long ago and loved it. I did note that my friend had a guest pass, and as I was leaving and looking at the Giants game that I was going to be going to later, I really didn't want to give up that parking space. I would hazard a guess that maybe some other people that didn't give it up as willingly as I did. I think there may be some opportunities to look at the parking and that perhaps even on a fluctuating basis working with the berth holders so that on certain

days perhaps there is some adjusting done. Those are the kind of things we can look at and be creative to see some of the revenue. I imagine that's some of what was discussed. Also, in terms of looking at increased rates, I wonder if we could perhaps look at it for different rates for new boats coming in starting at one rate, and perhaps taking a look at how we could adjust it for current berth holders on a much more modest basis. Lastly, I don't know how many short-term berths there are for visitors from other Yacht Clubs, but I would anticipate that those will be very popular and desirable come the America's Cup and other things. Perhaps that should be something we could look into as to whether we could generate a little bit more revenue.-Obviously not enough, but at least some more by increasing the visiting rates as well. I think just the other points that everyone has given today are well taken. I'm very excited, per Norman's comments, that we do have the South Beach Harbor back. We look forward to trying to come up with solutions that will work for everyone.

Commissioner Brandon - When was the last time the rates were raised?

Peter Dailey – I believe there have been CPI increases every second year but I understand there has not been a market analysis to market since the inception of the harbor.

Jim Walter – Yes, that's correct. We've raised them every other year by CPI. As far as I can research and maybe some of these boaters have been here for much longer than me can speak to it but I couldn't find anywhere where there was any market study and increase to market ever.

Kimberly Brandon - Can you tell me a little bit about the selection process for berths?

Jim Walter - The selection process? You mean how they get on a waitlist and so on? They fill out an application. There are no restrictions or requirements except they pay a one-time \$80 fee, which when they get a slip, that applies to their first month's rent. If they choose to drop off the list, they forfeit the \$80.

Kimberly Brandon – Is there income or location requirement?

Jim Walter – There is no income or location requirement.

Kimberly Brandon – What I meant by location requirement is do they have to live in the community, in the city or in the bay area?

Jim Walter – No, they don't have to.

Kimberly Brandon – So there are no requirements. All they have to do is fill out an application and put down a minimal deposit.

Jim Walter – Correct. We do, however, try to require that they have an emergency contact if they don't live in the city.



Peter Dailey – I'd like to add that just by looking at the addresses that we send the bills to, approximately 65 to 70% of the slip holders do not live in San Francisco city or county. Most of them are off the 49 miles.

Commissioner Katz - Do we know what the turnover rate is, and are there any berths that become abandoned due to failure to pay and how often that occurs?

Jim Walter - There is a slight turnover rate. It's about 7 to 10 a month. The harbor I was at before had 40 in and out. So it's not alarming or excessive. It did increase when the economy took a dive. We do have collection problems. They're not enormous. We've had very few just walk away, which we're very fortunate.

Commissioner Katz - As I said earlier, having sailed out of there, it was fantastic, and it sure beats the pants off the ones I've sailed out of in Sausalito.

Commissioner Brandon – Peter, you have your work cut out for you. I'm glad that you did hold a meeting with the tenants of South Beach Harbor, and I hope that hopefully we can all work together to find out a solution because redevelopment's gone. We don't have the funding, so some way we're going to have to work this out, and hopefully we can all come together and try and come up with constructive ways to do that. I look forward to you coming back next time.

Peter Dailey - I do have some work to do.

Commissioner Katz - One comment to someone in the audience. Once public comment is closed, we can't have people speak. If you had comments you wanted to make to individuals, I'm sure our staff would be happy to talk with you afterwards.

11. NEW BUSINESS

12. PUBLIC COMMENT

13. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

Port Commission Vice President Kimberly Brandon adjourned the meeting at 5:25 p.m.

